THE

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

[REGISTERED AT THE G.P.O. AS A NEWSPAPER.]

VOL. XIII. No. 11. MARCH 12, 1926. PRICE 1S. WEEKLY

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(Founded 1866.)

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EDITORIAL, SUBSCRIPTION AND ADVERTISING OFFICES—

Metron, Istituto di Statistica, R. Università, Padua (Italy).

London Agents: P. S. KING & SON, Ltd., Orchard House, Westminster, S.W.1.

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Editorial Offices :

6, JOHN STREET, ADELPHI, LONDON, W.C. 2.

Telephone : Gerrard 1396.

Subscription Rates (Post free, home or abroad)

1 Year - £2 : 12 : 6
6 Months - £1 : 7 : 6

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Vol. XIII. No. 11. March 12, 1926 Price 1s. Weekly

ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.)

AUSTRIA

POLITICAL AND GENERAL

Thirty-seventh Report of the Commissioner General.—The current report of Dr. Zimmerman, the Commissioner General of the League of Nations for Austria, is the first within the new period of the relaxed financial control, and deals with the economic and financial situation of the country as from December 15, 1925, to January 15, 1926. As in previous Reports the Commissioner General simply states the facts without taking up any personal attitude towards them.

In his preamble Dr. Zimmerman congratulates Austria for the success achieved in the sanitation of the national finances, which has made it possible for the League of Nations to consent to a modification of the control. As far as can be judged from the monthly Treasury returns the budgetary situation in its totality, and despite the economic difficulties against which the country has still to fight, presents a favourable aspect. The Estimates for 1926 were approved before the beginning of the present year and consequently no monthly provisional budgets were necessary. In regard to the reduction in the number of State employees it is stated that within the period November 28 to December 31, the number of dismissals was 2,050 thus bringing the total to date since the introduction of the reconstruction programme to 82,368.

With reference to the general financial situation the Commissioner General reports that the Ministry of Finance was able to effect all payments due in December without any difficulty. During this month the Federal Railways refunded the last instalment of the loan advanced in May and June 1925. During the same month the Commissioner General released the sum of over two million Schillings for the work of electrification, so that exactly three millions (including the August sum) have now been made available for this purpose. The Treasury returns for the period January to November last plus the estimated figure for December show a surplus of more than Sch.56 mill., as compared with the normal Budget. If the items for capital investment be included the national exchequer still shows a surplus of Sch.0.4 mill. The amount required for capital investment exceeds the quota fixed in the 1925 Budget for investments of a pronouncedly productive character. The returns for November show a surplus of Sch.18.9 mill. over and above the amount provided for by the preliminary estimates for November.

Discussing the currency problem the Commissioner General makes a short survey of the statements of the National Bank for December and January and also of the Bank's activity during the past year, and then reviews the unemployment returns, the foreign trade balance for the third quarter of the year, the commercial treaties with Switzerland and Portugal and the index numbers. (The latest figures of unemployment are given below, whilst the commercial treaties with Switzerland and Portugal were dealt with in THE ECONOMIC REVIEW of February 5.) Referring to the decline in the importation of coal into Austria the Commissioner General states that it is partly due to the progress made by the use of electricity in industrial undertakings and partly a symptom of the economic crisis. (*Neue Freie Presse.*)

Austria's Economic Capacity.—In a recent lecture delivered in Prague Dr. Zimmerman, the Commissioner General of the League of Nations for Austria, made some interesting remarks concerning the result of the reconstruction work in Austria and the capacity of Austria in respect to economic existence. The plan of reconstruction which had been carried out during the past three years was, he said, divided into two important sections, the first dealing with the currency problem and the other with the question of the national finances. The currency had been stabilised and a definite relation to gold established; the purpose of the reconstruction programme had in this respect been achieved. Great progress had also been made in regard to placing the national finances upon a sound basis, although the entire plan had not yet been fully carried out. It had become evident that the financial capacity of Austria's economic life had been underestimated, and the stimulating influence of a stabilised currency had not justly appreciated. It had to be admitted that despite the great reduction in the number of State employees the country had not been able to effect any appreciable savings. This was largely due to the increase in salaries and also to the pensions system that prevailed in Austria. The estimated expenditure on the State personnel was actually about 75 per cent. higher than that at the commencement of the reconstruction period. The development of the national finances was, however, proceeding on favourable lines and the economic future of the country could no longer be in doubt.

The Czechoslovak Press also reports a lecture by Professor Dr. Basch, of Prague University, on the same subject of Austria's economic capacity. The lecturer expressed the opinion that the resources of Austria had been greatly underrated. Austria at present possessed 37.6 per cent. of all the factories in the former Austrian Monarchy and these factories represented some very important branches of industry. Austrian agriculture was a most important factor, and capable of considerable extension. As a result of last year's harvest Austria was able to supply about 50 per cent. of the home demand for wheat, 88 per cent. of the demand for barley, 75 per cent. of the demand for maize and about 50 per cent. of the home demand for sugar, while the production of oats, rye and potatoes was such that, after fully satisfying the demand of the inland market, there was a considerable surplus of these commodities available for export. An encouraging feature is the opportunity that the soil offers for more intensive cultivation. Timber now forms an important item in foreign trade, whilst there are big possibilities in the way of dairy farming and the breeding of live stock. The tourist traffic presented a splendid opening for the development

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of national economy, and the city of Vienna might well become an international trading and banking centre of great importance.

FINANCE

The Government's Financial Programme.—Speaking in the Budget Committee of the Austrian National Council, the Minister of Finance, Herr Kollmann, stated that the New Government intended in its financial programme to take energetic measures against unemployment by encouraging the ex-agricultural workers to return to agriculture and by facilitating emigration for the unemployed. Steps would also be taken in the direction of furthering the water transport system and the construction of high roads. The State finances for 1925 showed a surplus of some Sch.12,000,000, which was a satisfactory result in view of the special expenditure on public works. A considerable trade slump, however, was expected, and consequently the existing policy of economy could not be abandoned. The Government was endeavouring to conclude the commercial treaty negotiations with Germany, Poland and Hungary. Owing to the fact that other States were raising their Customs duties, there would have to be a revision of some of the items in the Austrian Customs tariff, but fiscal considerations would not have a deciding influence in this matter. The National Bank would have full Government support in the work of maintaining the stability of the currency. Within a measurable period the restrictions on foreign exchange transactions would be removed. Negotiations would be conducted with the League of Nations with regard to increasing the advance for the postal savings bank which was to be provided from the credits of the League of Nations, and also with regard to the investment of the remainder of the loan in Austria. Further a decision would be arrived at in the not distant future regarding the payment of pre-war debts and in some cases of their inclusion among the State debts.

The new Government did not regard with disfavour the valorisation of certain mortgages if the debtor was still in possession of property that had not fallen in value. The Austrian obligations arising out of the Treaty of Saint-Germain had already been substantially reduced. The settling of accounts with England, France and Italy was proceeding satisfactorily; the negotiations over the settlement with England would soon be concluded, and it could be stated that the balance was much more favourable to Austria than had been expected. The settlement of the question of Austria's assets in the United States was likewise in sight. The law on balancing in gold was the basis for the new economic life of Austria and would facilitate an influx of long term credits. A further reduction of the bank rate was also expected in the near future.

It is not to be denied that this financial programme creates a fairly favourable impression. The main thing now, of course, is that it should be consistently carried out and that there should not be any unforseen obstacles. An objection is brought forward by some of the financial experts that the Minister of Finance omitted to mention the important question of dividends from undertakings. It is pointed out that the State is unable to have permanently a balanced Budget if profits are not to be taxed instead of capital being reduced by taxation. The suggestion is made also that the new Government should endeavour to make foreign capitalists disposed to invest more money in Austrian enterprises. For this to be achieved, however, it is necessary for share companies to be enabled to increase not only production but also their dividends. (*Central European Observer.*)

Increase in Thrift.—The recently published report on the development of the savings deposits in the various Austrian institutions during the past year shows that considerable advance has been made in thrift. On January 1, 1925, the total amount of savings deposits at the savings banks and the larger banking institutions was Sch.205 mill.; by the end of the year this total had been raised to the sum of Sch.470 mill., the increase representing more than 130 per cent. The average monthly increase was Sch.22.08 mill. In November the rise in the savings deposits was only Sch.14 mill.; but in December the increase exceeded the monthly average by about Sch.4.4 mill. The savings deposits as at December 31, as compared with those on November 30, were distributed among the different savings banks and chief banks as follows (in millions of Schillings):—

	November 30.	December 31.	Increase.
Post Office Savings Bank	25.7	26.1	0.3
First Austrian Savings Bank	60.5	66.1	5.6
Central Savings Bank, Vienna	123.8	129.2	5.4
New Vienna Savings Bank	5.1	5.2	0.1
Anglo-Austrian Bank	21.0	23.3	2.3
Vienna Bankverein ...	20.8	22.4	1.6
Central Bank, German Savings Bank ...	16.2	16.3	0.1
Trade and Industry Credit Institute ...	42.3	45.7	3.4
Lower Austrian Discount Company	15.2	15.6	0.4
Central European Provincial Bank ...	35.0	37.5	2.4
Merkurbank	12.1	12.4	0.3
Union Bank	5.7	5.9	0.2
Verkehrsbank	5.6	5.6	0.05
Dorotheum	54.5	58.6	4.1
Total ...	443.9	470.4	26.4

The detailed figures for January are not yet available, but the total increase was far more pronounced than in the preceding months, the aggregate reaching the figure of about Sch.600 mill., of which about one-third was deposited with the Vienna savings banks, rather less than one-third with the different Vienna banks, and the remainder distributed among the different savings institutes throughout the country. During a period of thirteen months, i.e. from January 1, 1925, to February 1, 1926, the total savings deposits in Austrian banks and savings institutes have more than doubled. (*Neue Freie Presse.*)

Preliminary Estimates for February.—The Preliminary Estimates for the month of February, drawn up in accordance with the terms of the Reconstruction Programme, are as follows (in millions of Schillings):—

Ordinary current account—	
Budget expenditure	68.24
Budget receipts	72.21
Surplus	3.97
Capital investment expenditure ...	12.41
Budget deficit	8.44

Reduction of the Discount Rate.—On January 27, the Board of the Austrian National Bank announced its decision to reduce the discount rate from 9 to 8 per cent. This reduction has been long expected and it represents a most important measure for the whole of Austrian economic life. It is no secret that influences from many sides were brought to bear upon the Bank to postpone reduction of the rate. The Board, however, has not allowed itself to be influenced in this manner, and judging from the last monthly statement of the Bank it is clear that there were good grounds for adopting the change. The tension that characterised the close of the past year has been removed and the bills' portfolio is some Sch.57 mill. lower than at the end of December. The reduction in the Banks' rate should tend to modify the pessimistic view that has lately been held in many circles. (*Neue Freie Presse.*)

INDUSTRY

Coal Output in 1925.—According to the yearly report of the Mine Owners' Association the total output of coal in Austria during the past year amounted to 3,157,736 tons, which represents an increase of about 250,000 tons on the total output in the year 1924. This

result is considered very satisfactory, especially in view of the general economic crisis that prevailed last year as a result of which the mining industries were to some extent affected. The total consumption of coal in Austria in 1925 was 8,429,416 tons, or a decrease of nearly 200,000 tons as compared with the consumption in 1924. The importation of foreign coal shows a remarkable falling off, the total imports for the year being only 5,271,680 tons, which is approximately 500,000 tons lower than in the preceding year. The decline in the importation of brown coal is very striking, imports during the first half of the year being less than one-half of those in the corresponding period of 1924. The exact figures of brown coal imports are—for the first six months of 1925, 221,669 tons; for the first six months of 1924, 472,198 tons. The efforts of the Mine Owners' Association towards inducing the Government to use only home coal in the State institutions have been partially crowned with success; after long negotiations a group of mine-owners received a contract for the supply of coal to various State establishments. Competition is still very keen and the report complains about the very low prices that are paid for Austrian brown coal, such rates being rendered necessary in order to contend against the cheap foreign coal on the Austrian market.

The present situation in the home coal market is satisfactory and the prospects are favourable. Coal for industrial purposes is finding a ready market, but the prices are very low. In most of the mines satisfactory activity is reported. (*Mitteleuropäische Wirtschaft.*)

The Present Industrial Situation.—The Austrian textile industry has been very slack for the past few months. The main cause of this is that the export trade is confronted with great obstacles, especially in two directions. The increase in the German tariffs, which took effect as from October 1 last, has reacted upon the export of textiles to that country, the loss being particularly felt by the spinning mills, for about half of the total production of yarns, amounting to about 11 mill. kilogrammes, was formerly consigned to Germany. In addition to this tariff obstacle the German market is suffering from a general depression, which tends to make Austrian trade in that direction more difficult. At the same time the German manufacturers are able to compete successfully against the Austrian in other foreign markets, notably in Holland. Poland was formerly a good market for Austrian wares, but at present trade is crippled by the Polish import restrictions. Trade with Hungary has been within modest dimensions and it is generally believed that the pending commercial treaty with that country will not relieve the situation to any appreciable extent. The prospects of future trade with Russia are not very promising, since that country is threatening to impose a hundred per cent. tariff increase on the importation of textile goods. The demand of the home market has considerably weakened on account of the growing unemployment and the consequent decrease in the people's purchasing power. Many of the home textile concerns are working only twenty or twenty-four hours per week and further reductions in the labour power are contemplated in the near future.

The iron and steel works are finding the export trade unremunerative, while the inland market prices are unsatisfactory. A few of the concerns are being kept busy with current orders, but in most of the steel works depression prevails. The iron industry will be able to rely in the near future on extensive inland orders, chiefly for iron for building purposes. In certain works the trade with Russia has assumed important dimensions, the demand being mainly for steel, steel wares, wire, and some special quality goods, such as high-class scythes, etc.

The machinery branch is continuing to restrict its output and to cut down labour. Competition both in the home market and in the export trade is being very keenly felt, the most successful competitors being the German and Czechoslovak firms.

The situation in the metal industry is very precarious, largely on account of the low international prices for copper. In general production has declined, although the lead works have somewhat recovered of late, and there has been a favourable turn in the production of radio material.

In the ironmongery and general small metal ware branch the sharp competition of German firms has depressed the home activity, despite the fact that in certain goods, in screws for instance, the export trade has been livelier than in the preceding year, the improvement being a result of better trade with Italy and Yugo-Slavia.

Among the various wood-working trades the furniture manufacturers lack sufficient orders. In the home market they are compelled to meet the furniture dealers and direct customers on terms that are not altogether favourable to the producers, while the export trade has fallen considerably behind that of the preceding year. The chief foreign markets are at present Italy, Czechoslovakia and Rumania.

The chemical industry shows varying features in its different branches. There has been a great decline in the activity of the rubber factories, especially in the production of rubber shoes, and the output generally has been restricted. On the other hand, the pharmaceutical branch is enjoying a period of comparative prosperity.

The situation of the coal industry is described above in a separate report of the "Coal Output in 1925." (*Neue Freie Presse.*)

SOCIAL AND LABOUR CONDITIONS

Unemployment Returns and New Regulations.—The official report on the state of the labour market at the end of January last gives the number of unemployed in receipt of ordinary benefits at that date as 223,666, to which, however, must be added 8,000 in receipt of special relief and a further 30,000 persons registered as unemployed, but who for some reason or other are not entitled to claim unemployment benefits. The grand total of unemployed throughout Austria at the end of January was thus about 260,000 persons. This number represents a big increase on the number unemployed in the middle of January and at the close of last year. Over 100,000 of the total number of unemployed were in Vienna and suburbs.

During the first few days of February there were distinct signs of an improvement in the labour market and in well-informed circles it is considered that unemployment reached its highest point at the end of January. The reasons for this hopeful outlook are based upon the more favourable conditions of competition that have lately been observed, especially in regard to the pronounced decline in the "dumping" of French goods on the Austrian market. Prices have recently begun to improve and it is evident that the growing interest of the United States in Continental and particularly Central European securities has resulted in an increasing monetary liquidity and a cheapening of credit. These more favourable conditions have already begun to react upon the Austrian labour market, stimulating the demand for labour. In the early days of February there was a noticeable increase in the demand for labour in the building, clothing, and footwear and leather industries, whilst an improvement was also to be observed in several other branches of industrial activity.

The endeavours that have been made to relieve industry of the heavy burden of the unemployment contributions have met with success, for the Government has now accepted the principle of the proposed new regulations and will in due course embody these regulations in a legislative measure. Hitherto the employer and the employed were each called upon to contribute 42 per cent. of the total contribution, and the State paid 12 per cent., leaving but 4 per cent. to be

contributed by the municipality. Under the new regulations the employer will pay one-third, the employee one-third, and the public bodies must together contribute the remaining third. Under this new arrangement it will be seen that both the worker and the employer are granted some relief. (*Neue Freie Presse.*)

Emigration Statistics for 1925.—The following statistics have recently been issued respecting the emigration of Austrian subjects during the year 1925. The total number of overseas emigrants amounted to 4,627, which is about twice the number for the preceding year. The majority of these emigrants booked their passage for Brazil, the total sailing to that country being 2,610 (780 in 1924). The emigrants to Argentina numbered 703, to Palestine 107, to Canada 74, to Egypt 51, to Mexico 42, and to Turkey 41. The number of emigrants to the United States fell from 810 in 1924 to 758 in 1925. Of the total 1,050 came from Vienna, 960 from Upper Austria, 865 from Steiermark, 714 from Lower Austria, 601 from the Burgenland, 177 from Kärnten, 118 from Vororlberg, 100 from Tyrol and 42 from Salzburg. Hitherto Upper Austria and Steiermark have held the leading positions in respect to the number of emigrants. Since the war 43,538 persons have emigrated from Austria for countries overseas, 26,366 emigrating to the United States, 10,463 to Brazil and 4,684 to Argentina.

It is reported that special arrangements are being made for the settlement of emigrants from Austria in Russia.

FRANCE

POLITICAL AND GENERAL

Fall of the Briand Government.—The Briand Government, the Government of the Cartel des Gauches, has fallen as the result of an adverse majority of 53 over the tax on payments. As the *Figaro* clearly explains it, the defeat of the Ministry was solely the work of the strongest sections within the Cartel, the Socialists and the Socialist Radicals. On February 15 the financial proposals were passed as a whole by the Chamber by a majority of 104, but the 93 Socialists and some 40 Socialist Radicals who on that occasion either abstained from voting or supported the Government recorded their votes on the taxation of payments proposal against the Ministry. The *Temps* stresses the point: 131 members of the Cartel voted against the Government and only 107 for it, while 107 anti-Cartellists supported the Government and 98 voted against it. In the face of so clear-cut a divergence of opinion on a matter of principle within the ranks of the Ministerial party it is difficult to see how the breach is to be healed. M. Briand, however, still stands forth as probably the only possible Premier in a new administration, but his difficulty apparently is to find a Minister of Finance who will have the courage to produce a solution of the financial crisis calculated to secure the support of a majority in the Chamber without defying public opinion.

The Franco-Russian Negotiations.—In his opening speech at the first sitting of the Franco–Russian Debt Conference in Paris, M. de Monzie, head of the French Delegation, explained that, while resolved to continue to defend the rights of small French holders of Russian bonds, they were prepared to discuss the ways and means of a system which would admit of the liquidation of the liabilities of the past, while husbanding and improving the resources of the present, as they attached more importance to results than to the form in which they were obtained and looked upon Soviet Russia as the legal successor of the Russia that negotiated the loans in France. As the *Agence Economique et Financière* points out, some months after the Bolshevist *coup d'état*, on March 28, 1918, the French Government made it plain that "no principle was better established than the principle according to which a nation is responsible for the actions of its Government, without any change in authority being capable of affecting the obligations incurred. . . . Such obligations could not be repudiated by any authority whatsoever, otherwise the very foundations of international law would be shaken." It may be assumed, however, says our contemporary, that if the French Government adheres to the strict letter of this formula the Franco–Russian negotiations are certain to fail. The most responsible leaders of the Soviet Government have categorically refused to recognise foreign debts contracted before 1918; but instead of recognising these debts and its duty to make restitution of foreign property nationalised under the Soviet régime, the Russian Government now suggests indemnities for the holders of Russian bonds and fresh concessions to expropriated industrialists in return for a grant of new loans to the Soviet Government. M. de Monzie's formula, however, does not necessarily cover these alternative proposals, though it opens the way for a discussion of the problem on the lines laid down. At the root of the difficulty is the fact that any solution based on these proposals must depend on public confidence, and it would be impossible to accept them without complete faith in the word and the signature of the Soviet Government, and in the possibility of being able freely to exploit such industrial enterprises as the Moscow authorities might be willing to allow French industrialists and capitalists to establish. It would be idle to look for real guarantees, which are non-existent once the principle of intervention in defence of violated rights is repudiated, and more especially when the reproductive power of the enterprises in question depends wholly on the economic, legal and social conditions governing them. For these reasons, concludes the *Agence Economique et Financière*, the Paris Conference will be confronted with the same difficulties that led to the failure of the Genoa and the Hague Conferences. In the first place, the Soviet code lays it down in explicit terms that any engagements entered into which in practice appear to be contrary to the interests of the State need not and cannot be observed. Secondly, the Budget resources of the Russian Government offer no security for the service of any foreign loans that might be obtained, seeing that not only is it found impossible to balance the Budget, but that the Government is compelled to cut down the Budget to such an extent that it cannot provide for the most elementary needs of the State and of the people. Further, agriculture has never experienced such shortages and such bad harvests as under the Soviet régime, while the Government is powerless in face of the refusal of the peasants to deliver cereals except in quantities and at prices which they consider satisfactory, so that even in times of good harvests the Government finds it impossible to build up stocks for export. Again, nationalised industry is carried on at a ruinous cost, which involves exorbitant prices for the sale of its output. Stocks are exhausted, and plants are either worn out or in disrepair, or else are being worked to the full limits of their capacity, while it would need an enormous outlay of fresh capital to develop industrial output. Finally, as the *Economicheskaya Jizn* of February 7 attests, "As compared with the State industry and Soviet commerce, the practical results of concession agreements with foreigners are still absolutely insignificant." The complete fiasco of the German concessions is a case in point, notwithstanding the particularly favourable conditions under which they have been worked as compared with other foreign concessions.

FINANCE

Revenue Returns for January.—The Minister of Finance has issued the following classified analysis of the revenue returns for January:—

Ordinary Permanent Revenue.

1. Direct Taxes on Incomes—	
General income tax and impôts cédulaires, including property tax	Fr.1,503,796,300
Other direct taxes	42,625,000
Tax on income from securities	336,931,000
	1,883,352,300

2. Tax on Wealth and Stamp Duties—		
Registration of transfer of property ...	Fr.	609,600,000
Stamp duties		147,589,000
Tax on Stock Exchange transactions ...		20,745,000
		777,934,000
3. Sumptuary Taxes—		
Luxury tax (on sales between private persons) and 10 per cent. turnover tax ...	Fr.	76,898,600
Entertainment tax		3,100,000
Motor cars		69,367,000
Assay fees on gold and silver articles ...		1,219,000
		150,584,600
4. Receipts from Non-necessaries—		
Alcohol	Fr.	176,643,000
Tobacco		197,373,000
Powder		8,683,000
		382,699,000
5. Taxes on Articles of Consumption properly so called—		
Customs	Fr.	115,726,000
Indirect taxes		108,786,000
Colonial produce		19,853,000
Salt		3,560,000
Turnover tax not included in the 10 per cent. turnover tax, and taxes on coal output and slaughtering		422,431,400
Sugar...		16,156,000
Petrol and petroleum		28,911,000
Benzol		968,000
Lighters and matches		4,154,000
		720,545,400
6. State Domain and Government Undertakings—		
Domain	Fr.	13,313,000
Various undertakings (official journals) ...		478,000
		13,791,100
Total	Fr.	3,928,906,300
Extraordinary Revenue.		
Excess profits duty	Fr.	55,107,000
Liquidation of stocks		6,718,500
Recettes d'ordre and various proceeds ...		9,908,100
Total	Fr.	71,733,600
Grand Total	Fr.	4,000,639,900

Comparing the various yields in respect of ordinary permanent revenue as tabulated above with those for 1924 the following increases appear :—

Direct taxes on income	Fr.	949,699,300
Tax on wealth and Stamp duties		137,548,000
Sumptuary taxes		36,222,300
Receipts from non-necessaries		72,339,000
Taxes on articles of consumption properly so called		54,098,700
State Domain and Government undertakings		2,687,800
Total increase	Fr.	1,252,595,100

(*Le Temps.*)

TRADE

Foreign Trade with Various Countries.—Imports into France in January aggregated Fr.4,483,033,000 as against Fr.3,163,874,000 in the corresponding month of 1925. Comparing the returns for the two months we find a decline in the case of only one foreign country and in that of two French colonies or protectorates, as will be seen from the following tabular statement (the figures representing thousands of francs) :—

	1926.	1925.	Difference.
Europe—			
Belgium-Luxemburg Economic Union	258,000	183,994	+ 74,000
Czechoslovakia	16,439	12,763	+ 3,676
Germany	248,092	136,478	+ 111,614
Great Britain	501,866	359,048	+ 142,818
Holland	113,133	69,413	+ 43,720
Italy	146,941	71,305	+ 75,636
Norway	28,289	21,455	+ 6,834
Spain	63,614	68,556	— 4,942
Sweden	55,754	46,762	+ 8,992
Switzerland	60,265	45,944	+ 14,321
Asia—			
Japan	26,069	21,176	+ 4,893
America—			
United States	749,150	646,270	+ 102,880
Canada	33,722	18,827	+ 14,895
Argentina	169,689	105,537	+ 64,152
Brazil	152,039	101,950	+ 50,089
Other foreign countries ...	1,428,270*	990,594	+ 437,676
French colonies and protectorates—			
Algeria	174,456	95,855	+ 78,601
Tunis	49,035	21,384	+ 27,651
Morocco	12,798	14,735	— 1,937
French West Africa ...	47,202	22,773	+ 24,429
Madagascar	23,689	30,857	— 7,168
French Indo-China ...	79,901	37,995	+ 41,906
Others	44,620	40,203	+ 4,417

* Including Poland 12,701 and Portugal 11,416 thousand francs.

INDUSTRY

Output of the Coal Mines in the Devastated Territory.—The net output of the coal mines in the Nord and the Pas-de-Calais in January included 2,564,125 tons of coal, 212,605 tons of briquettes and 225,921 tons of coke, made up as follows :—

District.	*Groups.*	Coal.	Briquettes.	Coke.
Arras ...	Mines in West	904,161	20,981	57,532
Arras ...	Pas-de-Calais*...	984,603	41,063	80,489
Douai ...	Nord*	675,361	150,561	87,900
Total ...		2,564,125	212,605	225,921

* Mines destroyed in the war.

As compared with December there was an increase of 112,915 tons in the output of coal, one of 6,723 tons in the production of briquettes and one of 10,842 tons in that of coke, but the number of working days in January was 25 as against 24 in the preceding month. The daily output of coal works out at 102,625 tons as against 102,133 tons in December, and is 11,617 tons higher than in 1913. The production of coke is very satisfactory, the output for the month being 20,097 tons in excess of the average for 1913.

As compared with the monthly averages for 1925 the January output of coal shows an increase of 169,940 tons, that of briquettes one of 32,122 tons and that of coke one of 31,289 tons. (*Nord Industriel.*)

The Iron and Steel Industry in January.—On January 31, according to the *Nord Industriel*, there were 219 blast furnaces in the country, of which 149 were in operation, 27 were damped down, and 43 were in course of construction or undergoing repairs. The production of pig iron during the month amounted to 762,810 tons, or an average of 24,500 tons a day, as compared with 748,375 tons, or an average of 24,100 tons a day, in December. The January output included 562,502 tons of Thomas-Gilchrist pig as against 557,879 tons in December, 146,216 tons of foundry iron as against 147,716 tons, 35,090 tons of conversion pig as against 28,122 tons, 18,128 tons of special iron as against 13,437 tons, and 1,121 tons of Bessemer pig as against 874 tons.

The production of crude steel averaged 660,566 tons, or an average of 21,300 tons a day, as compared with 658,506 tons, or an average of 21,200 tons a day, in December. The January output included 649,693 tons of ingots and 10,873 tons of castings, of which 449,075 tons consisted of Thomas-Gilchrist steel as against 458,684 tons in December, 199,518 tons of open-hearth steel as against 187,778 tons, 6,745 tons of electric steel, 4,108 tons of Bessemer steel, and 1,120 tons of crucible cast steel.

Imports from foreign countries, therefore, aggregated Fr.4,051,332,000 and from French colonies and protectorates Fr.431,701,000 as against Fr.2,900,072,000 and Fr.263,802,000 respectively in January 1925, an increase in the one case of Fr.1,151,260,000 and of Fr.167,899,000 in the other.

Exports in January, on the other hand, aggregated Fr.3,868,345,000 as compared with Fr.3,550,530,000 in the corresponding month of 1925. Comparing the returns for the two months we find a decline in the case of only three foreign countries and in that of one French protectorate, as will be seen from the following

tabular statement (the figures representing thousands of francs) :—

	1926.	1925.	Difference.
Europe—			
Belgium-Luxemburg Economic Union	650,965	451,951	+ 199.014
Czechoslovakia	18,226	14,670	+ 3,556
Germany	215,265	562,426	— 347,161
Great Britain	685,557	704,986	— 19,429
Holland	102,520	75,599	+ 26,921
Italy	239,532	164,731	+ 74,801
Norway	11,895	4,496	+ 7,399
Spain	117,485	96,379	+ 21,106
Sweden	20,661	5,606	+ 15,055
Switzerland	258,185	195,855	+ 62,330
Asia—			
Japan	37,971	14,216	+ 23,755
America—			
United States	250,245	264,636	— 14,391
Canada	32,666	26,983	+ 5,683
Argentina	114,458	82,270	+ 32,188
Brazil	46,655	35,789	+ 10,866
Other foreign countries	547,184*	392,061	+ 155,123
French colonies and protectorates—			
Algeria	194,399	148,695	+ 45,704
Tunis	47,421	40,488	+ 6,9 33
Morocco	73,794	73,350	+ 444
French West Africa	50,410	48,592	+ 1,818
Madagascar	29,500	33,209	— 3,709
French Indo-China	75,035	63,066	+ 11,969
Others	48,316	50,476	— 2,160

* Including Poland 7,640 and Portugal 22,200 thousand francs.

Exports to foreign countries, therefore, aggregated Fr.3,349,470,000 and to French colonies and protectorates Fr.518,875,000 as against Fr.3,092,654,000 and Fr.457,876,000 respectively in January 1925, an increase in the one case of Fr.256,816,000 and of Fr.60,999,000 in the other. (*Le Temps.*)

GERMANY

POLITICAL AND GENERAL

Decrease in the Statistics of Production.—Statistics of production in two of the German key industries are characteristic of the present economic situation. The output of iron amounted in January to 689,463 tons and in the corresponding month of last year to 900,849 tons, while the Ruhr coal output in the same period amounted to 8,401,992 tons as compared with 9,560,005 tons. The iron output, therefore, shows a decrease of 24 per cent. and the coal output a drop of 16 per cent. If to this is added the number of bankruptcies in January and the steadily increasing number of unemployed, the picture of the present situation is complete.

In sharp contradiction to these statistics is the attitude of the Bourse, where prices in January showed a considerable rise. This increase was, indeed, in no way justified by statistics, being immediately due to the easing of the money market and representing a species of confidence movement. The announcement of the release of sequestrated property in the United States further contributed to the upward tendency, to which the first impetus was given by the shipping shares, followed immediately by iron and other securities, the Bourse being of opinion that the money thus put in circulation would effect an increase in shipbuilding. This would of course in its turn have a favourable effect on the iron and coal industry. The formation of foreign companies for the purpose of buying up German shares also played no small part in the rise, and testified to the confidence felt abroad in the eventual favourable development of the German situation.

It may easily be understood that this spirit of confidence was quickly transmitted to Germany itself, but it would not have had such a marked effect had not certain other conditions in Germany shown undoubted signs of improvement. This improvement showed itself in the first place in the development of money market conditions. The supply of long term money has decidedly increased, though certainly the steady supply of foreign money coming into the market was the largest contributing factor. This paved the way for the development of the home loan market. In addition to the 6½ per cent. Prussian Treasury Bonds which were placed on the home market with good results, several municipal loans have been launched. It is not yet decided whether this market will be further increased by a Reich loan, but the development during the past week has been remarkable in many rsepects. The money market and the capital market are being gradually brought into line, bringing with them a greater similarity between the rates for long and short term money. Although the possibility of developing the home loan market has been brought about by the acquiring of loans abroad at a fairly low rate of interest, and profiting by the difference between the two rates, the increase of the home loan market gives cause for satisfaction.

The retrogressive statistics for January coal and iron production and the high level of unemployment, however, demonstrate the urgent need for Government measures to combat the economic crisis. The competent State offices will have to do ther utmost to pass on the available contracts to industry with as little delay as possible in order to turn the rising tide of unemployment. The reanimation of one industry will react on the others, but the full effect of relief from taxation, particularly the abolition of the turnover tax, must be applied without delay. Industry itself must help by nationalisation and standardisation.

The initial cost involved in the modernisation of plant and methods should not be allowed to act as a deterrent. The fixed aim of working on the most rational and economic lines must be maintained at all costs, for this will be for the eventual benefit not only of the producer but also of the consumer.

Every branch of the economic whole must accept the task of contributing to relieve the burden to the best of its ability, each branch having an equal right to assistance in its endeavours. This is equally true of agriculture. The credit afforded to this branch by the Gold Discount Bank (*see* The Economic Review, February 5, p. 114) is not available for all farmers to an adequate extent. Where this credit is not available further means must be taken to place the necessary real credit at their disposal. The greater the progress made on the money market the more facilities will be available for the extension of this credit. In this connection it would be well to deny the prevailing impression that Germany is now in a position to cover her own grain requirements without depending on imports. This mistaken idea has arisen owing to the plentiful rye harvest of 1925. As a matter of fact Germany has never yet been in a position to cover the home demand for wheat, but is still obliged, as always in the past, to import a considerable quantity of foreign wheat in order to satisfy home requirements. Germany is far from being capable of nourishing herself, and the results of 1925, which do not reach pre-war level, show that cultivation is growing less intensive, and the loss of the grain districts in the east are a further handicap. Nothing is gained by awakening false hopes. (*Hamburger Fremdenblatt.*)

FINANCE

Reichsbank Credit Measures.—The Reich Economic Council sitting in common with the Economic and Financial Committees has arrived at the four following resolutions in respect of the credit measures of the Reichsbank :—

1. The credit rationing policy should be finally abandoned, and the discount policy substituted for it.
2. The rate for loans should be fixed at 1 per cent. above the bank discount rate. The Reichsbank should use its influence to reduce the wide difference between the bank discount rate and the debit interest charged by private banks.
3. The remainder of the Foreign Currencies Decree (uniform rate, ban on forward currency transactions against Reichsmarks) should be set aside.

4. The Reichsbank reports, formerly one of the most important means of judging the general economic position, should be brought up to their former standard by means of greater specialisation.

According to the *Hamburger Fremdenblatt*, the requirements formulated in these resolutions have already been practically complied with to a certain extent, or preparations are on foot for their execution in the near future. The question arises in this connection as to whether the former measures of the Reichsbank enjoy public confidence, and, if this is the case, whether in drawing up the Reichsbank reports more freedom should not be allowed than was the case under more normal and consolidated credit conditions.

The rationing policy of the Reichsbank no longer exists for any practical purpose, and it has been frequently insisted upon that the available restrictions were never made full use of. In view of the critical economic situation, however, it is of the highest importance to make sure of the validity of endorsements on bills, and although the remaining restrictions could be discarded at a moment's notice, it should be left to the Reichsbank to decide when the suitable moment has arrived. German financial conditions are not yet sufficiently stabilised for the reintroduction of the discount policy. That the Reichsbank is ready to put it in motion as soon as more normal conditions prevail is shown by the reduction of the discount rate on January 12 (*see* The Economic Review, January 29).

The rate for loans was formerly 1 per cent. above the discount rate, while to-day the difference amounts to 2 per cent. The object of reducing the rate for loans is to force down the debit interest rate at the banks, for the loan rate serves as a basis for reckoning debit interest. The effect of such a reduction must, however, not be over-estimated. A great deal of goods financing is done at present by means of foreign currency advances and acceptance credits, which are both far cheaper, and the loan business is not for the moment of great importance. The Reichsbank itself has been insisting on the reduction of debit and credit interest at the banks, and the savings banks in particular have responded to this requirement.

The legal preliminaries for the setting aside of the remainder of the Foreign Currency Decree have been in process for some time already.

The demand for greater specialisation in the Reichs bank reports has already been put forward several times. Above all it is desired that the total funds in foreign currencies should be plainly set out, and further, under the heading "Various obligations falling due from day to day," that a difference should be made between public and private funds. However desirable a greater specialisation may be, the grounds of the Reichsbank for the present scheme for drawing up the reports are worthy of consideration. It is contended that a separate publication of foreign currencies, which are subject to great and frequent fluctuations, would occasion disquietude in the economic life of the country, which can be avoided by the present form of report. It is, however, possible that an immediate separate publication of public and private funds might be advisable.

The solution of all these points, however depends on the degree of public confidence reposed in the management of the Reichsbank.

TRADE

Foreign Trade Returns for January.—The credit balance achieved in German foreign trade in December has been maintained in January. In consequence of decreased imports (R.Mk.707 million as compared with R.Mk.758 million in December) the balance has been increased from 36 millions in December to 88 millions, the export total remaining practically unchanged at R.Mk.794 mill. Details of imports and exports for January are given below in millions of Reichsbank (*a*, pre-war; *b*, present values):—

		December 1925.	January 1926.
Imports.			
Foodstuffs and beverages	(*a*)	175	167
	(*b*)	244	224
Raw materials and semi-manufactured goods	(*a*)	312	299
	(*b*)	405	378
Finished products	(*a*)	76	73
	(*b*)	103	100
Gold and silver	(*a*)	6	26
	(*b*)	7	26
Exports.			
Foodstuffs and beverages	(*a*)	54	53
	(*b*)	65	66
Raw materials and semi-manufactured goods	(*a*)	140	129
	(*b*)	162	159
Finished products	(*a*)	400	402
	(*b*)	566	568
Gold and silver	(*a*)	4	7
	(*b*)	4	7

Imports were R.Mk.51 mill. less in January than in December, and far below the monthly average for 1925, which amounted to R.Mk.1,036. The drop in the import of foodstuffs by 19 million is noteworthy, as is the 27 million fall in those of raw materials, which leads to the conclusion that unnecessarily large supplies had been acquired in the later months of 1925. It should further be taken into consideration that such a sudden deterioration in the economic situation as set in during those months could not have been foreseen. On the other hand, it is gratifying to note that exports were R.Mk.58 million above the 1925 monthly average. January exports were larger than imports in quantity as well as in value, amounting to 32.27 d.ctr. as against 28.28 million d.ctr. It should be remembered that the heavy export of grain which continued throughout January contributed to swell the total export trade, wheat contributing 1.09 million d.ctr. and exceeding imports by 0.45 million d.ctr.

Imports of foodstuffs and beverages in January showed a slight decrease (to the extent of R.Mk.19.3 million). Imports of rice, fruit, wheat, butter and eggs declined. On the other hand, imports of coffee have increased (to the extent of R.Mk.23.9 million, chiefly owing to change in date for settlement with the Customs offices).

Imports of raw materials and semi-manufactured goods show a decrease of R.Mk.27 million as compared with the previous month.

Imports of finished products fell off in January to the extent of R.Mk.3.3 million, the import of yarns in particular having weakened.

The export of foodstuffs and beverages remains practically unchanged. The January exports of rye

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amounted to 587,789 d.ctr. and of wheat to 1,094,934 d.ctr. (chiefly against import notes).

The export of raw materials and semi-manufactured goods shows a weakening of R.Mk.3 million as compared with the previous month.

The finished products export returns show an increase of R.Mk.2.9 million as compared with the previous month. The following products show increases : textiles, 7.9 mill. ; rolling mill product and ironware, 1.9 mill. ; machinery, 9.7 mill. On the other hand, there were decreases in footwear, saddlery and leather goods, and watercraft to the extent of R.Mk.6.9 million.

Imports of gold and silver show an increase of R.Mk.19 million as compared with the previous month, while exports have increased to the extent of R.Mk.2.4 million. (*Hamburger Fremdenblatt.*)

The Franco-German Trade Agreement.—The partial trading agreement between France and Germany announced in the *Reichsanzeiger* of February 17 is of importance more from a moral than a material point of view. Ever since the expiry of the five years' special conditions laid down in the Treaty of Versailles, negotiations have been carried on with the object of establishing trade relations between the two countries without any definitive result being arrived at. The chief difficulties in the way of an agreement lay in the complete diversity of the mutual Customs duty and trade agreement systems. Germany in her agreements with America, England and other States has taken the most favoured nation clause as her basis, and has maintained fixed terms for Customs duty. The French Government, according to the law of 1919, can no longer admit most favoured nation terms *de jure*, but only *de facto*, nor can France grant any promise of fixed Custom duties.

The object of the negotiations carried on since October 1, 1924, between Germany and France was to arrive at some understanding between these conflicting standpoints. The final success of the negotiations was due to the fact that Germany succeeded in frustrating France's endeavour to bring her political preponderance to bear on the economic side of the question, thus facilitating discussion on a purely economic basis.

French exports to Germany have been greatly favoured during the last few months by the depreciation of the franc, while German exports to France were severely handicapped by the 26 per cent. reparations levy. Trade between the two countries during last year, therefore, resulted in a heavy deficit on Germany's side. French statistics give imports from Germany in 1925 as amounting to Fr.2,372,593,000 as compared with Fr.2,017,183,000 in 1924. According to the same source French exports to Germany amounted to Fr.3,754,152,000 as compared with Fr.3,777,798,000 in 1924. The imports from Germany show increases mainly in live stock, potatoes and sulphuric acid, and to a smaller extent in iron, steel and copper. French wine exports to Germany experienced a severe drop, from 681,053 hl. in 1924 to 195,925 hl. in 1925. The French mining industry exports increased to Fr.132.25 million as compared with Fr.16.83 million in the previous year. According to German statistics exports to France from January to September 1925 amounted to R.Mk.140.52 million and imports from France to R.Mk.456.62 million, so that the deficit against Germany was R.Mk.316.1 million. These statistics are the only reliable ones for the purpose of forming a fair judgment on the position of Franco-German trade, as the reparations deliveries are not included in them, in contradistinction to the French statistics.

The present partial agreement only applies to certain goods, mainly early vegetables, chemicals and agricultural machines, for which there is still a large demand in France. List *A* includes potatoes, hops, flowers, grapes, oranges, almonds and dates. The French colony of Algiers is included in this agreement. List *B* is composed of agricultural and industrial products of German origin, which on entering French territory will profit by a fixed preference rate of duty. These preferential rates are to be applied to all increases or augmented coefficients which France applies or may apply in future. Timber and agricultural machines and household appliances are to be subject only to the minimum tariff, while a special percentage of reduction is to be applied to mowing machines, sowing and fertilising machines, and a number of household articles coming under the French tariff No. 568. These reductions vary between 60 and 93 per cent., and are calculated on the difference between the French general and minimum tariffs, and remain the same whatever changes may take place in future in French duties. If France, during the course of this agreement, increases the duty on these articles by more than 30 per cent., the minimum tariff will be applied ; for increases of less than 30 per cent. the reductions will be maintained in corresponding proportion to the increased duty.

Germany maintains her fixed rates in general and only gives most favoured nation terms in the case of certain specified wares. France reciprocates by special reductions for certain goods. Certain articles are excluded out of consideration for French industry, and others, including agricultural machines and motors, are limited to a fixed annual quota, for which special regulations have been formulated.

This temporary agreement, which is to come into force three days after ratification and remains in force for four months, is considered as a general experiment pending the conclusion of the final trade treaty. The agreement may if necessary be extended, and among other general clauses contains a provision against the hindering of trade by raising objections to the entry of persons of the two nationalities concerned into the respective countries or the establishment of agencies. (*Hamburger Fremdenblatt.*)

INDUSTRY

Industrial Transformations in January.—The most important change in industry during January was the taking over of the Stinnes fleet by the Deutsch-Austral and Kosmos lines (*see* The Economic Review, February 26, p. 185). The Stinnes fleet will continue to sail under its own flag. As a result of this transaction German tonnage is now distributed as follows :—

Line.	Capital in mill. of Rmks.	G.r.t.	Line.	Capital in mill. of Rmks.	G.r.t.
Nordd. Lloyd	52	631,000	Hansa ...	12	143,000
Hapag ...	54	450,000	Hamburg-Süd. ...	20	129,000
Kosmos. D. Austr. ...	30	325,686	Woerm-D.O.L. ...	40	88,000

The Jute Syndicate has been prolonged till December 31, 1935. With a view to stricter organisation certain internal changes have been affected. Exports will no longer be reckoned according to quota. Eleven firms belong to the Syndicate : Ver. Jute Hamburg, Max Bahr Landsberg, Braunschweiger Jute, Deutsche Jute Meissen, Euste Deutsche Feinjute Brandenburg, Gebr. Spohn, Gebr. Sandberg, Gustav Wentag, Weidaer Jute Spinnerei, August Greve Lindau-Harz, and Jute-Spinnerei Gera.

An understanding has been arrived at between German and French tube works for the first time in an agreement, expiring in June 1926, effected between the German–Czech tube cartel and the French and Belgian tube manufacturers in regard to uniform regulation as to selling prices and markets.

Preparatory to the formation of a syndicate, 90 per cent. of the private tile works in Bochum have amalgamated to form a Tile Sales Association. Negotiations are pending for the fusion of the nineteen existing tiles sales associations with the Rhenish Westphalian Tile Syndicate.

The White Lead Syndicate has been extended for a year, with the inclusion of the two remaining outsiders (Westdeutsche Bleifarbenwerke Dr Kalkow A.G. Frankfurt and Hamburg–Altona Bleiweiss and

Kohlensäure Fabrik, Altona), so that all the important white lead manufacturers now belong to the Syndicate.

The Wintershall Potash Concern has acquired the majority of the shares in the Kaliwerke Benthe A-G. and intends to put the company into liquidation. It is well known that half the share capital of R.Mk.18 million must be considered as lost, so that the buying price will not be very high.

The fusion of the firm Wetzel and Freytag in Hamburg with the Reiherstiegwerft is now complete, though nothing is yet known as regards distribution of plant. The sale of the large floating dock belonging to the Reiherstiegwerft to a Dutch shipbuilding firm, van Wilton in Rotterdam, is reported. (*Frankfurter Zeitung.*)

The pianoforte factories Bechstein (Berlin), Blüthner (Leipzig), Ibach (Barmen), Feurig (Leipzig), Gebr. Niendorf (Luckenwalde), Duyssen (Berlin), Grotrian (Brunswick), Förster (Lobau), Seiler (Liegnitz), and Zeittler and Winkelmann (Brunswick) have amalgamated in a credit association of German pianoforte manufacturers. This association will finance, by means of a foreign insurance company, the instalment payment sales of the German trade of the firms concerned, which represent about 50 per cent. of their total business. (*Wirtschaftsdienst.*)

COMMUNICATIONS

Rhine Shipping in 1925.—A detailed report on Rhine shipping during the past year was made at the annual meeting of the Shipping Bourse at Duisburg Ruhrort, and the *Kölnische Zeitung* publishes the following extracts :—

It would not be an exaggeration to maintain that 1925 constituted a record year for poor economic and financial results. There is an element of tragedy in this assertion, as water conditions were exceedingly favourable practically throughout the year, facilitating, as in none of the preceding years, unhindered traffic to the Upper Rhine. During the first half of the year a favourable draught of 2.50 metres was maintained, and even in the later months the water level was generally adequate. From December 7 to 11 shipping on the Rhine was hindered by drift ice, and in the last days of the year a flood of threatening proportions set in. The average water level at Kauber Pegel amounted in January to 1.49 m., in February to 1.99 m., in March to 1.78 m., in April to 2.20 m., in May to 2.40 m., in June to 1.96 m., in July to 1.67 m., in August to 2.06 m., in September to 2.18 m., in October to 2.06 m., in November to 1.78 m., and in December to 2.24 m. Owing to generally favourable draught conditions the lighters since the middle of February could be loaded up to 2 metres. Water conditions on the Mannheim–Kehl–Strassburg section were also favourable. Traffic could even be maintained as far as Bäle from May to June and from the middle of August to the middle of October.

It is therefore the more regrettable that under such favourable natural conditions shipping during the year under notice could not be developed proportionately. The general depression in business was reflected in the freight market in every direction. Freight rates to Mannheim were quoted in Ruhrort in the beginning of February at Mk.1.20 per ton, but fell in April to Mk.0.60. A slight improvement was shown towards the middle of June on account of increased coal shipments, but towards the end of July another slump set in, and at the beginning of September rates dropped to Mk.0.55. In the latter months of the year there was a certain amount of recovery and even some degree of stability in freight rates. The average rates from the Rhine-Ruhr ports to Mannheim amounted in January to Mk.1.58 per ton, in February to Mk.1, in March to Mk.0.70, in April to Mk.0.66, in May to Mk.0.60, in June to Mk.0.81, in July to Mk.1.61, in August to Mk.1.03, in September to Mk.0.63, in October to Mk.0.97, in November to Mk.1.19, and in December to Mk.1.40. Traffic to Holland showed a certain amount of activity during 1925, the rates for Dutch traffic being quoted in German currency for the first time in February, commencing with Mk.0.90 per ton to Rotterdam. After a considerabe increase, an excess of cargo room caused a gradual falling off in the autumn months to Mk.0.80, a level maintained with occasional variations till November, followed by an increase in December to an average of Mk.1.20.

Tug business had even greater difficulties to contend with than freights. The average tug fee in January and February from Ruhrort to Mannheim was Mk.1.40 per ton. At the end of February the Bourse quotation fell to Mk.1, and with few exceptions there was no improvement on this low figure till October. It was only at the end of November and in December that tug fees showed a rising tendency, owing to current weather conditions, the average tug fee between Ruhrort, and Mannheim amounting to Mk.1.11 in November and Mk.1.24 in December. In consequence of the miserable conditions many tug owners withdrew the greater proportion of their steam tugs from service.

Beyond the general economic depression various other causes may be advanced for the bad position of Rhine shipping. The South German Coal Market, with an unusually small demand, was flooded with coal of home and foreign origin. The up-stream coal transport was far less than in the previous year. The Wiesbaden Agreement also contributed not a little to decrease Rhine shipping by its provision ordering that 60 per cent. up-stream and 40 per cent. down-stream of reparations coal consignments should be carried by the French Rhine fleet, leaving only the remainder for German shipowners. Keen competition is offered to Rhine shipping by the policy of the Reich railways. The effect of the new railway tariffs has been to divert a great deal of goods traffic from the Rhine to the railway. On the other hand the Government has granted a great concession to Rhine shipping by affording preferential treatment in connection with the levy on inland shipping required by the terms of the London Agreement. This concession is just from every point of view, in consideration of the considerable surrender of ships without adequate compensation and of the damage sustained by Rhine shipping in consequence of the occupation of the Ruhr.

In the administration of German waterways the system of dual control between the Reich and the Provinces remains a strong disadvantage. A uniform administration of waterways is a crying necessity in order to carry out smoothly the policy governing German waterways.

Public Participation in Civil Aviation.—By the amalgamation of the two important airway systems the Aero Lloyd and Junkers, a new company is being formed under the title of Deutsche Lufthansa Gesell-

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Published on the 1st of Every Month.

Publishing Offices: 25, Havlickovo nam. Prague II.
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schaft. When air traffic is resumed on April 1, this new company announces the running of services on 42 lines, representing the entire airway network of Germany. It has for some time been rumoured that the Reich intended to participate in the new company, and the question of subsidising aviation by the State has been frequently brought up for discussion. As a matter of fact the participation of the Reich in the new company is of very modest proportions and consists merely of the carrying over to the Deutsche Lufthausa of the interest formerly owned by the Reich in Junkers. At the same time the tendency in the formation of the Lufthansa has been to restrict private influence from industrial, banking and traffic circles, who have hitherto maintained German aviation at considerable sacrifices without State subsidies. The unfortunate triple distribution of power in Germany between the Reich, the States and the Municipalities is likely to bring about a change in the distribution of interests, for in addition to the comparatively small interest of the Reich must be reckoned the participation of a number of individual States, which, inconsiderable in itself, will increase the general public participation to something between one-third and a half. The municipalities, too, do not wish to be behindhand, so that the fact is that the actual private participation in the new company is hardly more than one-third, the majority of the other shares belonging to the Reich and States and the smaller part to the municipal representatives.

It must be admitted that State administration and State ownership are in some ways desirable for communications, but this is chiefly the case where technical and economic development has been perfected to a certain extent, whereas at the experimental stage more elasticity is afforded by private ownership. Aviation is not likely to go beyond the experimental stage for some years to come, and the international co-operation necessitated in this branch, as in shipping, renders private ownership more practical than administration by the State.

It must be feared that the splitting up of requirements and subsidies, which in Central Germany alone with only twenty cities has with difficulty allowed of the establishment of flying stations and aviation systems, will, in spite of the amalgamation of German aviation, render further development exceedingly difficult. The influence of public authority in aviation could best be exercised from one centre, preferably from the Reich, but it will be well-nigh impossible to work aviation profitably with so many conflicting public interests at work. It is extremely doubtful, moreover, whether a distribution of capital which does not leave the greater part in the hands of private economic bodies will prove practicable. It should be remembered that in the early days of the railways the most important and successful work was carried out by private interests, while State shippng organisations have never succeeded. (*Hamburge Fremdenblatt.*)

PORTUGAL

POLITICAL AND GENERAL

The Economic Situation.—From an economic point of view the past year has been very perplexing. The political instability—there were five different Governments in the course of the year—and the revolutionary movements did not disturb the economic life of the country to the extent that might reasonably have been expected; on the other hand, they certainly rendered abortive anyattempt at improving the financial or the commercial and industrial situation. Moreover, the Angola and Metropole Bank scandal has shaken public confidence both at home and abroad. Rightly or wrongly, the public believes that secret political intrigues were behind the financial machinations of this extraordinary affair, and this suspicion is confirmed by the dismissal or resignation of several highly placed personages in the diplomatic service and of bank officials.

As *O Commercio do Porto* points out, the year was one of anomalies. The political unrest had no detrimental effect upon the rate of exchange, which actually improved slightly from 100$00 to 95$00 to the pound sterling. Taking the year on the whole the exchange may be regarded as having remained stable. This stability of the currency reacted upon prices, especially those of foodstuffs, which fell 30 per cent. or 40 per cent., and in some cases even more, in the course of the year. Wages for the most part remained at the same level, although in certain branches of activity a drop was recorded, attaining in some instances to as much as 9 or 10 per cent. Yet the problem of the cost of living became no less acute. This is largely attributed to the excessively heavy burden of the indirect taxation, which is relatively much greater than in most other countries. In the Budget for 1925–26, for instance, indirect taxes represent 43 per cent. of the total tributary impositions, whereas in France, a country that is undoubtedly feeling the economic ill effects of the war, similar taxes represent but 39.5 per cent. of the total taxation. The contrast with many other countries is still more striking. The transport rates have not been reduced in any measure corresponding to the fall in the prices of fuel, and thus they still constitute a big obstacle in the way of industrial and commercial development. It is, too, a curious fact that while the total wheat production, excluding the quantity reserved for seed, amounted to about 292 mill. kilogrammes, which, after satisfying the home consumption, allows some 4 mill. kilogrammes for exportation, it was yet found necessary to consider the importation of foreign wheat. Such is the disorganisation of the commercial market.

The estimated deficit for the financial year 1924–25 was 95,553 contos; but according to the official figures of the actual returns for the year, as published in the *Diario do Governo*, the realised loss amounted to no less than 379,000 contos, or over 283,000 contos more than the estimated sum. The estimated deficit for the financial year 1925–26 is 86,202 contos, and in all probability the actual deficit at the close of the accounts will prove to be much greater. Such figures are altogether disquieting. The returns for the first four months of the current financial year, as given in the same official journal, certainly show that the receipts collected are considerably higher than those for the corresponding months of the preceding financial year; on the other hand, expenditure has also increased at an alarming rate. Such a state of affairs only serves to support and even to augment the lack of confidence in the national finances and in the financial life of the country in general. The steadiness of the exchange is admittedly a good sign; but the adverse balance of foreign trade is enormous, and at the close of the past year the fiduciary circulation amounted to some 1,709,000 contos.

The situation during the first two months of the present calendar year was not essentially different from that of the preceding months. The *Seculo*, however, reports that an official enquiry is to be instituted into the economic conditions of the country, to which end full data are required from all commercial, agricultural and colonial concerns, and information respecting the foreign importers and exporters transacting business with Portugal. It is hoped that this may eventually lead to the establishment of some sort of organisation for the improvement of general economic activity.

FINANCE

Draft Budget for 1926-27 and the Debt to Great Britain.—Although no precise details have yet been published respecting the Budget for the ensuing financial year, it is understood that the draft measure

provides for a revenue of 1,314,377 contos and an expenditure of 1,397,534 contos, thus resulting in a deficit of 83,157 contos. This estimated deficit does not differ greatly from those of the past few years; but in view of the experience acquired in respect of the actual results of national finance it is doubtful whether the estimates may be taken as a safe guide to the financial situation of the country. The tendency is for the actual expenditure and revenue to exceed in great measure the estimated amounts, the increase in expenditure being proportionately much greater than that in revenue. In certain instances the increase in actual expenditure as compared with the estimates has been so pronounced that reliance upon the Budget figures has been severely shaken. There has been a diminution of expenditure in some of the Government Departments, but this retrenchment has been offset by increases in other directions.

The Portuguese delegation which for some time past has been collecting and reviewing material for the purpose of the negotiations for the funding of the Portuguese debt to Great Britain is reported to have finished its preliminary investigations and to be about to confer with the British Treasury. The debt to Great Britain is fixed at £22,000,000. (*O Commercio do Porto.*)

Official Statement of the Postal and Telegraph Services for 1918-19.—At long last some official statistics relating to the exploitation of the Postal and Telegraph Department have been published. In a recent issue of the *Diario do Governo* a full statement and details of the working of these services in the financial year 1918-19 are given, from which we have extracted the following figures concerning the balance of the respective accounts. The liquid balance of the accounts of all departments amounted to 205,405$49. Of this total the State received as its share the sum of 58,667$18, while the sum of 146,738$34 was credited to the general administration. The receipts from telegraphs only yielded 2,349,065$97, while the expenditure amounted to 1,516,780$65; there was thus a surplus of 832,285$32 from the working of this department. The postal department, on the contrary, was worked at a loss, the expenditure figuring at 3,467,219$09 and the reecipts at 2,809,640$52, leaving a deficit of 657,578$57. Taking the postal and telegraph account together there results a surplus of 174,706$75.

TRADE

Wine Exports January to September.—The statistics of the wine exports for the first nine months of 1925 suggest that the total exportation for the whole year will approximately equal that of 1924. We give below the volume of export of port to the various countries during the above-mentioned period as compared with the respective totals for the preceding year (in hectolitres—

	1925.	1924.
To Great Britain	287,402	392,146
Norway	50,933	48,348
France	39,905	4,847
Brazil	17,287	28,376
Germany...	16,314	28,839
Belgium	9,297	19,850
Holland	6,424	12,631
Sweden	4,368	5,471
Denmark	3,950	11,605
Portuguese Africa ...	1,956	4,437
Argentina	1,225	1,447
Morocco	399	289
Italy	369	571
Uruguay	326	466
Switzerland	293	239
Mexico	216	225
Other countries ...	1,801	1,697
Total	442,265	561,484

Only in the case of France and Norway and "other countries" has the volume of the export of port in the first nine months of 1925 already exceeded the total for the whole of the preceding year, the increase in the exports to France being very striking. The export of ordinary wine for the same period was as follows (in hectolitres):—

Destination.	Jan. to Sept. 1925.	Jan. to Dec. 1924.
Brazil	51,918	105,944
Portuguese Africa	9,480	19,355
Belgium	2,628	24,094
France	1,991	8,212
Great Britain	329	1,051
Holland	127	669
Morocco	—	1,512
Other countries	738	1,297
Total	67,211	162,134

(*O Commercio do Porto.*)

INDUSTRY AND AGRICULTURE

The Industrial and Agricultural Situation.—Home industry, which was characterised by stagnation throughout 1925, showed some welcome signs of revival towards the end of the year and at the beginning of the present year, writes M.A. in *O Commercio do Porto*. The damage that has been done is, however, very serious, and it will take a long period of steady prosperity to counterbalance the ill-effects of the past. Industry reacted to the prevailing financial and general economic crisis: output was restricted and large numbers of workers were thrown out of employment. The year 1925 opened with a pronounced note of uncertainty and as the months passed by the situation became more serious, being aggravated by the political unrest and the growing lack of confidence in the financial world. Industry was crippled. Moreover, the commercial treaties that were negotiated in no way relieved the situation. The *modus vivendi* with Germany admittedly brought with it certain benefits, especially in respect of the acquisition by home industry of cheaper raw materials; yet this advantage was neutralised by the easier access of German manufactures to the Portuguese market. The home manufacturers found it more and more difficult successfully to compete against these foreign wares. Still more disadvantageous to national economy was the commercial agreement with France. Practically all the benefits arising from this agreement were on the French side. Chassis, motor cars and other French manufactures were admitted under the minimum tariff and immediately found an excellent market, to the great prejudice of Portuguese industry. Trade with the colonial markets was unsatisfactory; the fact must not be overlooked that Portuguese goods in the colonies have not been able to hold their own against the foreign wares that find a ready sale there. Portuguese industry stands in great need of credit facilities, of technical improvement and of Government support. Unfortunately, the successive Governments have done practically nothing to protect home industry and to foster economic activity.

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journal with the agricultural situation. Summarising his article we note that the general cereal harvest last year was fairly satisfactory, but that home consumption was affected by the prevailing economic crisis, whilst the export trade was hindered by numerous obstacles that might well be removed. Peas and beans, etc., were not up to expectation, but the potato and onion crops permitted an extensive though irregular exportation of these commodities. The vintage was about equal to that of the preceding year and the production of olive oil was good in quantity and quality. The situation in the live stock branch, however, gives little cause for satisfaction. Last year farmers felt the competition of Argentine meat very severely, to such an extent indeed that the Government was at length constrained to pass a law prohibiting the importation of foreign meat. The present situation is far from encouraging. The general markets are slack on account of the bad industrial conditions and the shortage of ready money, and the excessive freight rates, combined with the insufficient means of transport, render hopes for an agricultural revival in the near future somewhat slender. Added to these adverse factors there is the altogether disportionate burden of taxation. Unless some relief is offered in this direction, and the transportation of goods improved and the freight rates considerably reduced, the present year is likely to prove most unsatisfactory for agriculture.

SOCIAL AND LABOUR CONDITIONS

Agricultural Wages.—The following table shows the prevailing agricultural wages for male and female workers in the different districts :—

	Males.	Females.
Aveiro	8$47	4$94
Beja	7$70	3$50
Braga	7$58	4$69
Braganca	8$67	4$17
Castello Branco	6$68	3$23
Coimbra	8$29	4$26
Evora	7$69	3$85
Faro	7$22	3$78
Guarda	7$86	3$68
Leiria	8$19	4$47
Lisbon	9$54	4$65
Portalegre	7$20	3$43
Porto	8$32	4$62
Santarem	7$77	4$24
Vianna do Castello ...	9$45	6$20
Villa Real	8$14	4$25
Vizeu	8$08	4$25

(*O Seculo.*

COMMUNICATIONS

Port Movements in 1925.—The following figures of the port movements in 1925 at the Porto do Douro and the Porto do Leixoes are published in *O Commercio do Porto*. Statistics as to the movements at other maritime centres are not yet available.

	Number of vessels calling at			
	Porto do Douro.		Porto do Leixoes.	
	Steamships.	Others.	Steamships.	Others.
January ...	50	9	41	4
February ...	46	3	44	1
March	89	9	48	2
April	70	8	52	2
May	62	15	48	8
June	64	8	48	5
July	56	8	40	8
August	55	19	40	9
September ...	61	24	39	7
October ...	55	22	46	29
November ...	56	22	46	17
December ...	46	9	52	7
Total ...	710	156	544	99

During the past year 9,539 passengers embarked at Leixoes and 6,491 were landed.

Railway Extension and Renovation.—The condition of the railways in Portugal is deplorable, and, according to *O Commercio do Porto*, there is urgent need for the construction of new lines and the renovation of the existing tracks and material. The difficulty is how to satisfy this great necessity and at the same time meet the equally urgent demand for national economy. It is estimated that within a short period the sum of approximately £1,500,000 will have to be spent on the railways. This sum, which represents an expenditure of about £1,500 per kilometre, will be distributed as follows :—

Repairs to rolling stock	£188,000
Purchase of rolling stock and fixtures ...	541,000
Orders already placed	656,000
Fuel	114,000
Total	£1,499,000

In addition to the above-mentioned sum a further amount of £2,500,000 must be forthcoming for the conclusion of the work of construction already undertaken, £1,800,000 being required for the Northern line and £1,700,000 for the Southern line. Actually, the grand total amounts to no less than about £4,000,000, to be spent within a period that should not exceed five years. The work is, of course, of a productive nature, and, great as the expense may be, the eventual returns and the manifold benefits that the improvements will confer upon agriculture, commerce and industry should amply repay all the outlay.

TURKEY

POLITICAL AND GENERAL

The Economic and Financial Situation in 1925.—For Turkey the past year was one of most satisfactory economic development. The general production was considerably augmented, and though the export trade has not yet attained the dimensions of the import trade quite definite progress has been made in the right direction. Tobacco played the most important rôle both in production and exports, the total volume consigned abroad during the year amounting to 26 mill. kilogrammes to the value of £T.46 mill., as against 24 mill. kilogrammes to the value of somewhat over £T.20 mill. in the preceding year. A large share in this improvement must be attributed to the Mohammedan immigrants from Macedonia. The exportation of cotton has also shown a noteworthy increase. A portion of the crop has not yet been sold, and it is therefore difficult to arrive at exact figures ; but from the orders already to hand it is evident that the exportation of cotton in 1925 was greatly in excess of that of 1924, when the total volume amounted to 12 mill. kilogrammes to the value of £T.11 mill. The foreign trade in figs and raisins is in a healthy condition. During the past year 49 mill. kilogrammes of figs, valued at £T.18 mill., were exported, this volume representing a notable increase on the fig exports of the preceding years. The general results of production and foreign trade appear the more satisfactory when it is remembered that the means of transport are still incomplete. When the construction of the new railway system is finished there will be still further improvements and the exploitation of the natural resources of the country will be greatly facilitated. The favourable economic development finds its expression in the stability of the Turkish currency, which, apart from slight fluctuations caused by temporary speculation, has remained steady for some time past. Taking all factors into consideration it may be definitely stated that the economic consolidation of Turkey has made most marked progress during the past year, and that the prospects of further progress during the current year are exceedingly fair. (*Mitteleuropäische Wirtschaft.*)

The derogatory reports that appeared in certain London journals concerning the alleged failure of Turkey to meet its due liabilities and to the effect that the Turkish Government had got into serious financial difficulties induced the Turkish Embassy at Vienna to issue a *démenti* to the European Press. The document explains that since the establishment of the Republic the financial situation of the country has steadily improved, until to-day it is decidedly more favourable than hitherto. The Budget has been brought near to

equilibrium. In the estimates for the ensuing financial year sufficient money has been provided for numerous public works, such as the extension of the railways, the construction of which has already been undertaken in three directions, while the work on buildings of various kinds has been doubled. These capital investment outlays have been accomplished without resort to loans. The fact that the Government can provide for such works out of the national funds is ample testimony to the prosperity and stability of the finances of the Turkish Republic.

Treaty with Soviet Russia.—On December 17, 1925, a Treaty was signed at Paris between Turkey and Soviet Russia, the signatories being Tevfik Rushdi Bey, Minister of Foreign Affairs of the Turkish Republic, for the former and M. Chicherin for the latter country. Article 1 of the Treaty provides that in the event of military action directed against either of the contracting parties on the part of one or more other countries, the other contracting party undertakes to remain neutral in relation to the first. According to Article 2 each contracting party undertakes not to attack the other party and not to participate in any alliance or agreement of a political nature with one or more other Powers if such alliance or agreement be directed against the other contracting party. Further, each contracting party promises not to take part in any hostile act of any other country or countries against the other contracting party. In Article 3 it is laid down that the agreement shall take effect immediately after its ratification and shall remain in force for a period of three years, at the end of which term it shall be automatically renewed every year unless either of the contracting parties gives six months' notice of denunciation.

In the general European Press the Treaty is designated as a significant move on the part of Turkey in reply to the Mosul award of the League of Nations. The Turkish Press points out, however, that the negotiations were opened up some time before the League discussion and award. On the other hand, M. Litvinof stated at the time, according to a report in the *Pravda*, that he would not deny that the formal declaration of Russia's policy towards Turkey and the hastened conclusion of the Agreement were influenced by the repeated rumours in the Anglo-American Press concerning a secret agreement between Italy and Russia directed against Turkey. The Russian Government was also aware, he said, of the attempts of certain countries to induce Turkey to join a combination against Russia.

The Angora correspondent of the *Temps* has expressed the opinion that this Treaty may be regarded as an attempt to form a new League of Asiatic Nations in opposition to the League of Nations at Geneva, and that in time the new combination might be able to draw other Eastern nations under its banner.

Peace Treaty with Yugo-Slavia.—The Treaty signed at Stamboul on January 1, 1926, by Tevfik Kiamil Bey, on the part of Turkey, and M. T. Gifkovitch, on the part of Yugo-Slavia, puts an end to the state of war that has technically existed between the two countries since October 29, 1914, and establishes peace and reciprocal friendship. Article 2 provides for the re-establishment of the diplomatic relations between the contracting parties, according to the regulations of international law. The Treaty came into force a fortnight after the exchange of the documents of ratification.

The conclusion of this Treaty suggests that Yugo-Slavia has gained her point in the contention over the division of the Ottoman Debt among the various Succession States. This question, together with that of the war indemnity following the first Balkan War will now probably be settled by consent, and not as previously arranged, by the arbitrary decision of other Powers.

FINANCE

Government's Claim to Dormant Dividends and Deposits.—The Turkish Government has passed a Bill providing for the sequestration of all dividend coupons of securities of all kinds, of all securities themselves, and of all bank deposits that have remained in the Turkish banks untouched and unaltered for the past fifteen years, the property thus to fall into the possession of the State. It is estimated that as a result of this confiscation of dormant dividends and deposits the Government will receive a sum of between £T.15 mill. and £T.20 mill., chiefly out of the old funds left behind by the Greeks and the Armenians. (*Wirtschaftliche Nachrichten.*)

New Paper Issue.—A bill has been submitted to the National Assembly empowering the Minister of Finance to make an issue of notes to the amount of £T.154 mill., in place of the former issue in seven series of £T.161,018,663, of which £T.7 mill. has since been withdrawn from circulation and destroyed. The details of the issue will be decided by a commission formed of delegates nominated by the Ministry of Trade, the Agricultural Bank and other important banks. The exchange of notes must be effected within a period of six months from the date of issue. As cover for the cost of production a sum of £T.500,000 has been voted to the Ministry of Finance.

The announcement of the new measure occasioned speculation rumours and caused English sterling to rise on the Bourse. The Ministry of Finance accordingly isused an explanation of the reasons for the course adopted, in which it was stated that during the war the issue of seven series of paper money had to be made, the notes being under the guarantee of the Public Debt and covered in various ways. The result of the war together with the Treaty of Lausanne, which raised the guarantee of the Public Debt, removed the basis upon which the issue had been made. The Government therefore considered it imperative to make a fresh issue in the place of the old notes, the total amount, however, not exceeding the amount already in circulation.

Of the former seven issues of paper money a portion was covered by gold and the remainder guaranteed by German Treasury notes. To-day there is no available gold reserve for serving as cover to the notes and, in accordance with the terms of the Treaty of Versailles, the German Treasury notes can no longer be regarded as guarantee and have consequently lost their significance in this respect. The same applies to the guarantee of the public debt. In short, there was no effective cover for the Turkish notes, the value of which was based solely upon the credit of the State. In addition to these reasons the existing notes are in a very dilapidated condition and need replacing. (*Ibid.*)

Banking Intelligence.—The Chairman of the Agricultural Bank at Angora has drafted a plan for the extension of the organisation of this Bank, providing for big developments in the departments of land credit, insurance and similar branches of activity. Under the new arrangement the land credit and insurance departments will virtually become entirely new institutions, but will remain under the control of the Board. The capital of the different departments will be separated from that of the Bank itself.

Another important change is the conversion of the Orphan Trust Bank, in accordance with the project laid before the National Assembly. The capital of this bank, which has hitherto occupied itself with the administration of trust moneys, will be raised to £T.4,000,000, and the Bank will be converted into a thoroughly modern concern. It is quite probable that the Government will participate in the reorganised Bank to the extent of a further £T.9,000,000. (Another report states that the total capital of the Bank will be fixed at £T.12,000,000, half of which will be subscribed

by the Government.) After the changes have been effected the new organisation will interest itself in the granting of agrarian credit in western Anatolia.

It is very probable that a new but small provincial bank will be founded before long in the town of Tchangry, with an initial share capital of £T.100,000.

The Turkish National Bank (Turkia Milli Bankassy), a British undertaking, has ceased operations. It is reported that a large number of British financial concerns in Turkey are arranging for the liquidation of their business.

Resulting from the separation of Syria from Turkey, in accordance with the terms of the Peace Treaty, the branch establishments of the Ottoman Bank in Syria have been converted into a new financial institution under the title of the Bank of Syria and Great Libanon. It is stated that the operations of the new concern are of very modest dimensions.

The Ministry of Commerce is submitting a Bill to the National Assembly providing that 75 per cent. of the employees in the branches of foreign banks in Turkey shall be of Turkish nationality. In view of the probability of this new project becoming law within the near future, a Dutch bank that proposed opening a branch establishment at Constantinople has been informed that the concession will be granted only if the requisite number of Turkish nationals are employed in the new concern. (*Mitteleuropäische Wirtschaft.*)

TRADE

Smyrna's Foreign Trade in 1925.—Though the statistics of the foreign trade of the whole of the Republic during the past year have not yet been issued, the provisional figures of the commercial exchanges of and through Smyrna in 1925 show that great advance has been made on the preceding years and that the volume of trade last year actually exceeded that of 1914. There has, indeed, been a steady growth of trade during the past few years, so that already by 1924 the total value of exports and imports, calculated on a comparative basis of paper pounds, was but 8 per cent. below that of 1914. In the following table a comparison is made between the value of the trade in 1925, 1924 and 1914, the figures for 1925 being approximately correct, since the returns for the latter part of the year are only estimated (in millions of Turkish paper pounds):—

	1914.	1924.	1925.
Exports	66.1	57.4	78.0
Imports	47.6	48.3	46.0
Total	113.7	105.7	124.0

The favourable balance of Smyrna's foreign trade in 1914 was £T.18.5 mill.; in 1924 it dropped to £T.9.1 mill., but in 1925 it attained the figure of £T.32.0 mill. Imports, it will be observed, have remained practically stationary, whilst exports, after falling to a low level during the earlier post-war period, have since revived so that the total value in 1925 was about twelve millions higher than in 1914. (*Buyuk Yol.*)

The Sugar, Petroleum and Benzine, and Match Monopolies.—In connection with the recently intcoduced sugar monopoly the importation of molasses, confectionery, pastry, syrup and similar sweet beverages, chocolate, etc., is prohibited, and the use of saccharine in the manufacture of confectionery and pastry is not permitted. Fixed standard prices have been introduced for raw and refined sugar and for glucose. The monopoly duty amounts to 27 piastres per kilogramme, but sugar is released from all other form of duty. The Government has the right to contract out the monopoly, if so desired, to private companies. The monopoly includes various articles made chiefly from sugar and also candied fruit.

The monopoly duty on petroleum and benzine amounts to 8 piastres per kilogramme and the importation of these commodities is reserved exclusively for the monopoly administration, but inland trade is free. It is reported that a Belgian concern has secured the rights of the petroleum monopoly and that this company is prepared to arrange a loan of 200 mill. Belgian francs for the Turkish Government. It is expected that the price of petroleum will drop considerably, since it is probable that only cheap Rumanian oil will be imported.

The Belgian concern that has secured the matches monopoly has agreed to erect a matches' factory in Turkey within the period of three years; it has already taken the preliminary steps to fulfil this part of the agreement. A suitable site has been erected in close proximity to a forest with the right kind of timber for the manufacture of matches. (*Buyuk Yol.*)

Customs Returns and General Intelligence.—The Customs returns for October last, which have just been published, show that the total amount collected in duties was about £T.1,100,000 higher than in October 1924. The total receipts figured at £T.4,821,168, of which about £T.3,200,000 was collected in the form of import duties.

A recent Government order decrees that as from February 20 last the import duties on all goods coming from countries with which Turkey has no commecrial agreement shall be increased eightfold. The Budget Commission has decided to raise the tax on mining products, but to impose a 5 per cent. duty on the imported products.

All exporters of raisins, figs, tobacco, carpets, soap, silk goods and rose oil have been ordered by the Government to stamp on the boxes, bottles or other form of packing the name of the manufacturer or the exporter and also the name of the country of origin. Without these marks the exportation of the goods will not be permitted. The trade name or mark must be registered. (*Buyuk Yol.*)

A Good Market for Automobiles.—Turkey at present offers a good market for automobiles of all kinds, largely on account of the lack of sufficient means of transport both in the towns and in the country, and also because of the flat nature of the greater portion of the land. In Constantinople there are but few tram lines, quite inadequate for the needs of the city. In Anatolia great progress is being made with the extension of the railway systems, but even when the work is completed the service will be comparatively slight and there will be great scope for the development of motor transport. Before the war most of the cars in Constantinople were of French manufacture, but during the war the influx of German makes was very pronounced. Soon after the Armistice the American firms obtained a footing in the Turkish market with their cheap cars, but since then the Italian manufactures have successfully competed, while the French are again making energetic efforts to regain their former lead. Of more recent date the activity of the United States motor car manufacturers has again become more pronounced and considerable orders have been secured. It would appear that there are in Turkey to-day almost unlimited possibilities for the disposal of motor lorries. (*Wirtschaftliche Nachrichten.*)

FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	3½	Dublin	6	Prague	6
Athens	10	Geneva	3½	Reval	9
Belfast	6	Helsingfors	7½	Riga	8
Belgrade ...	6	Kovno	7	Rome	7
Berlin	8	Lisbon	9	Sofia	7
Brussels	7	Madrid ...	5	Stockholm ...	4½
Bucharest ...	6	Moscow ...	8	Tokyo	7.3
Budapest ...	7	New York...	4	Vienna	8
Copenhagen...	5½	Oslo	6	Warsaw	12
Danzig	9	Paris	6		

The official discount rates of the State Bank in Moscow for bills at two months is 8 per cent., for bills at four months 9 per cent., and for bills at six months 9½ per cent.

SPECIAL ARTICLES

(Whilst the Editor of "The Economic Review" welcomes in these columns the expression of all shades of opinion on matters of economic controversy, he is not necessarily identified with any particular opinion expressed.)

THE ECONOMIC SITUATION IN GERMANY.

By Dr. H. Goez, Berlin.

After the termination of the war the economic life of Germany was threatened by a crisis the outbreak of which was repeatedly delayed by artificial means. In the years immediately succeeding the close of the war it was inflation, with its artificially induced prosperity, which prevented the outbreak of this crisis. At that time the re-establishment of international economic relations and the reorganisation of the world-market was not to the interest of important circles in Germany. It was one of the German illusions to believe that these effects of the world's economic crisis on German economic life could be permanently prevented. In world economics, however, stronger forces are operative than the will of weak men. To-day it is generally recognised that economic laws press with irresistible force—incomprehensible only to those untrained in economics—towards an international adjustment of economic forces and particularly of the purchasing power of money. Since 1918 world politics have repeatedly succeeded in retarding this international adjustment, but to put it off permanently is beyond their power. The war not only severed the connection between the international markets, but at the same time displaced the equilibrium of supply and demand on the world market. The intense and abnormal demand which prevailed during the war for goods of every kind did not cease immediately on its termination, but at present it has declined considerably as compared with pre-war conditions. The purchasing power of large areas such as Russia and the conquered countries, has dwindled. While in Europe the tendency to an adverse trade balance, which existed before the war, has been strengthened, the United States of America, which are the greatest source of raw materials, received a fresh incentive to production during the war. The tendency to a favourable trade balance which had already existed in the United States, has been increased to quite an extraordinary extent.

The lack of equilibrium in international economics operates similarly in all countries. Since Germany stabilised her currency in the autumn of 1923 and based it on the American dollar, she cannot now escape the effects of this world economic crisis. The German Government drew the correct conclusion from this fact when it declared itself prepared to take an active part in the International Economic Conference which had been planned. Germany, however, does not at the present moment suffer merely from the effects of this international crisis. At the close of last year she became immersed in a typically German crisis. The outbreak of this German crisis also was delayed by various circumstances.

In the first place the foreign credits, which after the acceptance of the Dawes Report flowed in a larger measure to Germany, delayed the necessary elimination of unprofitable undertakings from the productive and commercial machine, which had become too large. In accepting these foreign credits, which are to-day estimated at one to two milliards of gold marks, there was at first a complete failure to appreciate the fact that these credits could prove of economic assistance only if they were granted for long terms or, if that was impossible, if it were possible within a short period to transform the selling and producing organisation of German industry in accordance with the altered conditions. Such a rapid transformation was, however, found impossible. A crisis was bound to come with the expiry of only a part of the short-term foreign credits taken up. The initial cranking-up of German industry by means of foreign credits thus turned out to be merely an episode and an illusion. Foreign countries also recognised this and became more cautious in the granting of credits. It was then that the inevitable result came, namely the outbreak of the crisis.

The beginning of the German crisis was delayed, in the second place, by the circumstance that German industry had large foreign bill reserves resulting from the period of inflation. These reserves were realised in 1924 and 1925 owing to the scarcity and rationing of credits. They were got rid of by the undertakings holding them in order to keep their works going at all. To-day these reserves are exhausted, and thereby the path was cleared for the outbreak of the economic crisis.

Finally, the outbreak of the crisis was further retarded by the business control regulations which were instituted during the war. Business control is a State invention for the prevention of bankruptcies, which may have been desirable during the war. The Government, which has recognised the injurious operation of these regulations, is at present considering their modification.

As regards the origin of the present German crisis, three groups of causes may be distinguished: those concerned with external politics, those relating to financial policy, and those of a purely economic nature. The first circle of causes, those relating to external politics, is characterised by the fact that Germany exercises no material influence on the conditions in question. They must be tolerated, Germany being powerless to alter them.

Further, one of the principal causes of Germany's need lies in the provisions of the Peace Treaty of Versailles. As a result of Versailles German economic life lost 10 per cent. of its population and 13 per cent. of its territory. This means that the density of population in the German Reich is greater to-day than before the war. German *agriculture*, which even before the war was unable to produce sufficient food for the whole population, is to-day in a still worse position as regards feeding the population. With the loss of the best agricultural provinces, West Prussia, East Prussia and Posen, the food margin of the German people has been very materially narrowed. In 1914 the acreage planted with cereals was 25 per cent. larger than in 1925. To-day Germany produces only 60 per cent. of the pre-war quantity of cereals, and only 40 per cent. of the pre-war quantity of meat and sugar. With the loss of Alsace–Lorraine and Upper Silesia she has been deprived of rich sources of raw materials. She has, for example, lost more than one half of her pig iron resources. While Germany was able to export pig iron before the war, she is now obliged to import it. The Versailles Treaty has deprived her of all her external positions. She has lost more than one half of her capital in foreign countries, which in 1914 amounted to an aggregate of 25 milliards of gold marks. The selling markets of Germany abroad, in which a large portion of her industrial products could formerly be sold at a good profit, were lost during the war. It is apparent from these examples how greatly German economic activity is hindered by the Versailles Treaty. In this restriction of production and selling and in the shutting-off of German industry from its international activity by the Versailles Treaty is to be found one cause of the numerous small crises which have repeatedly afflicted German economic life since 1918.

In addition there are the German reparation obligations. According to the Dawes Plan Germany was, no doubt, freed from all cash payments under the Versailles Treaty in the year 1924–25. The deliveries in kind were also reduced to a minimum in that year. But nevertheless the reparation obligations are one of the causes of Germany's present distressed condition. In the first place, because in spite of the moratorium certain payments had to be made by German industry;

secondly, and principally, because the Dawes Loan of 800 million gold marks, which the German Government received last year, prevented larger long-term loans from being granted to German industry. In 1926 Germany must for the first time effect larger reparation payments from her own resources. The German Reich has undertaken to pay 1,220 million gold marks in the course of this year. Even if it be assumed that this payment also will consist for the greater part of deliveries in kind and not in cash, the liquidation of this burden will prove a heavy burden on German industry. If Germany is faced with a grave crisis at the beginning of the present year, this is also due in no small measure to the fact that the reparation burden to be borne in 1926 is casting its shadow before.

The second group of causes, those relating to financial policy, arise from the financial procedure of the Reich, the provinces and the communes.

When German inflation had reached its highest point at the end of 1923 the Rentenmark was introduced. At the same time the printing of notes was stopped. By the miracle of the Rentenmark Germany once more obtained a stable currency. In 1925 it was found possible, without great friction, to replace the Rentenmark by the Reichsmark. The new Reichsmark is based on gold and on the American dollar. From the financial standpoint it is a great asset of the year 1925 that the German currency could be maintained stable. This was successfully accomplished, however, only by a great restriction of all credits and by strictly limiting the currency. In 1925 money and credit were dear in Germany. If they have not actually brought about our present economic crisis, these two facts have at least intensified it. This must be pointed out, however gratifying it may be in itself that the currency has remained sound and that any renewed lapse into inflation need not be feared. The stabilisation of the currency must also be regarded as a cause of the present crisis because, owing to the American dollar being used as basis, Germany must follow all the fluctuations of American economic life. American industry, however, is at the beginning of a crisis—although not of the same proportions as that in Germany—from causes the reverse of those affecting Germany, namely because too much gold and too much capital are available.

In 1925, after a long and painful struggle, Germany succeeded in balancing the national budget, and this balance has since then been maintained. From the standpoint of financial policy this undoubtedly constitutes the second asset of the year 1925. The honour of having accomplished this great service, namely of establishing the balance between revenue and expenditure in the national budget, may be claimed by the Chancellor of the Reich, Herr Luther, the then Minister of Finance. This achievement, however, had only been possible by rigorous enforcement of excessive taxation. The taxation screw was tightened without any consideration of the capacity of industry. Indeed it was impossible to consider the position and the financial strength of the industries in the precipitate stabilisation of the public budget. Two items alone will suffice to show the tension of the taxation screw: In 1913 the total revenue from taxation in the Reich, provinces and communes was 4.8 milliards of gold marks, whereas in 1925 the amount raised in taxes far exceeded 11 milliard gold marks. This is a sum which cannot be raised permanently by the German national economy. It is a known fact that certain undertakings have paid their taxes by foreign credits which they had really taken up for the purpose of making improvements with a view to more economic production. At a recent general meeting of the shareholders of a large electricity concern, the manager, who had done valuable service, stated that the amount paid in taxes and duties for the financial year was double the amount he had at his disposal to be distributed in dividends. Thus two-thirds of this Company's profits go to the State and only one-third to the shareholders. An untenable state of affairs!

The people, too, are suffering severely from the excessive taxes. In the year 1913–1914 the amount paid in taxes per capita of the population was under Mk.100, while in 1925 the amount was Mk.180. The problem to be solved in 1926 is, therefore, the reduction of the public burden to the amount necessitated by the exigencies of the State and bearable for private enterprise. Recognising this fact and drawing from it the correct inference, the new Finance Minister of the Reich has indicated to the Reichstag a reduction of 500 million marks in the taxes.

As the preponderating part of the burden of taxation is borne by private enterprise it is no exaggeration to say that the present excessive taxes are a very considerable obstacle to the economic reorganisation of private undertakings. The capital necessary for such reorganisation is withdrawn from private enterprise owing to the public burdens which it has to carry. So long as the burden of taxation is so high that it proves a hindrance to the cheapening of production and the formation of new capital, it will be a cause of crises and an obstacle to the ultimate restoration of German economic life on a sound basis.

In addition to the burdens of taxation, German industry has also to bear a considerable expenditure of a social nature. In the pre-war period this social expenditure worked out at about 1.2 milliard gold marks. Notwithstanding the reduced capacity of the German industries this expenditure has now risen to about 2.2 milliard gold marks, i.e. nearly double. The fact must certainly be recognised that precisely in a period of general economic stress every individual and every undertaking must contribute to the alleviation of the general need. This social welfare work must, however, be brought into line with the restricted scope of industrial activity and its numerous burdens. The pensions, employees' and accident insurance services and the provision for the unemployed should, of course, be as efficient as possible, but they should not be brought to a pitch which industry is not in a position permanently to finance. It must not be forgotten that it is precisely to the interest of social welfare that industry should retain its vitality. If the burdens on industry lead to the collapse of the majority of undertakings, social welfare on its present scale will automatically cease.

To these factors concerned with external policy and financial policy there must be added, as third group, a number of economic factors arising out of the position and organisation of industry. The first series of economic causes which have resulted in the present crisis come under the head of production. For ten years German industry had no connection with foreign countries. During this period it lacked the spur of healthy, foreign competition—that stimulus to technical and administrative progress. Thus Germany was left in the rear and must now catch up within a short period with the 10 years' progress achieved by other countries, if she is to continue to compete with them on the world's markets. The hasty economic scheme which is now being rushed through, and which is not sufficiently critical of its foreign models, naturally leads to disturbances in equilibrium which cannot fail to intensify the feeling of crisis already existing.

To these must be added the fact that the German producing works have emerged from the war period and inflation period in an unnaturally swollen condition. During the war the factories and works in all the belligerent countries were expanded without considering whether the newly invested capital would yield sufficient interest. No consideration could or should have been paid to the possibilities of sale—in war time the sole consideration was to ensure that under all circumstances the war requirements should be covered. For this purpose as much as possible had to be produced, irrespective of the cost. This was the case in all the belligerent countries. Most of the other countries, however, immediately after the war proceeded to reduce the unwieldy producing machine to economically correct

dimensions, being forced by poor markets to reorganise their industries on an economic basis, whereas in Germany this reorganising process has not hitherto been properly carried out. This is due to the fact that during the inflation period Germany was able to produce more cheaply than any other country in the world, and for this reason also found markets for her increased production. With the stabilisation of the currency this state of affairs came to a sudden end. The German producer was again obliged to calculate in gold and in so doing he found to his surprise that the production costs in Germany were higher than those abroad—in other words, that he was no longer equal to foreign competition. In 1925, therefore, most of the works set about making technical and administrative improvements. Machines were provided and supplemented, new constructions were designed—all over the country works were modernised and reorganised on an economic basis. In this way the already inflated producing machine was rendered more efficient.

Nevertheless, the intended improvement has not appeared. However urgent and imperative had been the economic reorganisation of industry, the chief problem that had to be solved was not economic reorganisation, but stabilisation of industry.

The demand for German goods at home and abroad having heavily declined, as compared with the pre-war period, the main problem for German industry cannot be to maintain the excessively large producing machine in its present dimensions and to organise it economically. The quantity of goods which Germany is able to produce with the existing machinery cannot be disposed of. Thus one reason for the present crisis is to be found in the disparity between the swollen producing machinery and the shrunken possibilities of sale. The possibilities of production in Germany are not utilised to their full capacity. If, however, only parts of a works can be fully utilised, this tends to increase the costs of production and, consequently, the price, because the unemployed parts must also be maintained and interest paid thereon. In its effects, however, each increase in price may lead to a crisis when it affects considerable parts of the industry.

The German industries are confronted with the question whether they are to adapt their producing machinery to the altered demand for goods. This would end in a reduction of the producing machinery and, consequently, its better utilisation. On the other hand, however, Germany's reparation obligations compel her industries under all conditions to increase their production and their foreign sales, for only by the exportation of goods can Germany meet these obligations arising out of the Peace Treaty. But it is precisely such fulfilment that the other large industrial States do not desire.

The industrial crisis is rendered still more acute by the lack of working capital. This, too, is a typically German economic phenomenon. During the inflation period the German industrialists endeavoured to safeguard their capital from depreciation by the acquisition of material values. The available monies and the profits obtained were at that time invested in real estate, or expended to increase the plant, or to enlarge the factories or affiliate entire undertakings with their own producing works. The result of this "flight to material values" was the conversion of working capital into invested capital. When, with the stabilisation of the currency, a larger amount of working capital than in the inflation period was everywhere necessary, these acquired values could be sold only at a loss, since ready money was equally scarce in all undertakings. Most industrialists fought shy of such sales involving losses. They, therefore, retained their possessions and made the best of it. For a time they were able temporarily to increase the working capital by getting rid of the foreign-bill reserves and by taking up credits. In doing so, they hoped that within a measurable time the money and capital market would become easier and so would render possible fresh provision of working capital. This was an illusion. The shortage of capital and credit has not only not abated, but has become more acute. Owing to this a large number of undertakings are now faced with pressing financial difficulties which certainly cannot be averted by precipitate sales of the existing stocks of goods.

(To be continued.)

ECONOMIC CONDITIONS IN THE ARGENTINE REPUBLIC.

A report on the financial, commercial and economic conditions in the Argentine Republic by Mr. H. O. Chalkley, C.B.E., Commercial Secretary to His Majesty's Legation, Buenos Aires, has recently been issued by the Department of Overseas Trade.* The report covers a period, roughly twelve months, ending in September 1925, and like its predecessor is a mine of financial, commercial and economic information concerning the Argentine. Mr. Chalkley remarks that the year 1925 will be memorable in the history of British-Argentine relations for the visit of H.R.H. the Prince of Wales and the celebration of the centenary of the Anglo-Argentine Treaty of Amity and Commerce of 1825. Both these events, he considers, will leave permanently a better understanding and facilitate closer commercial and financial relations. Great Britain imports more from the Argentine than from any other foreign country except the United States, and more than from all other South American republics combined. Against this, although the Argentine ranks as Great Britain's fourth best customer (after the United States, France and Germany), yet the British trade returns suggest that imports into this country from the Argentine are, after allowing for the cost of transport, twice as great as United Kingdom exports to Argentina. British capital is heavily invested in Argentine loans, railways and other enterprises, but the annual return in interest is not nearly sufficient to pay for the balance of British purchases from Argentina. British shipping finds a large volume of employment in the River Plate trade, not only in carrying goods to and fro between the United Kingdom and the Argentine, but also in such miscellaneous trades as bringing jute from India to bag the wheat harvest, lumber from the Gulf for building, and oil from Mexico for fuel. British coal comes to the Argentine at a cheap rate because of the return cargoes of grain. The Argentine is the largest world exporter of beef, having long ago supplanted the United States, and it has the most modern and efficiently conducted refrigerating works, all based on the food demands of the British Isles.

With a knowledge of these conditions, writes Mr. Chalkley, it should not cause surprise that competition for trade in the Argentine market is very intense, and consequently that the importing firms in the Argentine have the pick of the world's good on the very best competitive terms. A realisation of this fact, he asserts, is an advantage in approaching the question of doing business in the Argentine market, and it explains why those who are interested in an increase of British trade emphasise the importance of acquiring familiarity with Argentine character and requirements. The growth of local manufacturing industries is noticeable and should be watched, for they offer to those who have had experience in equipping similar industries an increasing field for the sale of materials, processes, and machinery. The display of Argentine manufactured goods shown at the National Industrial Exhibition held from the end of December 1924 to March 1925, gave the most comprehensive opportunity which has so far been afforded of observing the range of products which can be manufactured locally in order to compete on varying scales with imported goods. The exhibits consisted principally of woollen, cotton and silk manu-

* H.M. Stationery Office. Price, 2s. 6d. net.

factures, boots and shoes, leather goods in general, sports goods, hats, brushes, commercial books, industrial and agricultural machinery and accessories, scales and weighing machines, motor car accessories, metallic work in iron, brass and nickel plate, electrical material, ironmongery, lead pipes, sheets, shot and solder, tin piping, brass and iron work in general, bolts, nuts and screws, enamelled ware, glass ware, furniture, etc. Mr. Chalkley considers that the object of the exhibition was to a large extent achieved, in demonstrating that many articles which had hitherto been imported can be manufactured locally and at lower prices, and in lessening to some extent the prejudice against local goods that was prevalent among the Argentines themselves. However, in a number of cases the locally made manufactures are not yet in a position to compete effectively with similar imported articles, and many of what are termed manufacturing industries should more properly be described as elaborative or finishing industries. Mr. Chalkley submits that sooner or later more British firms will have to consider seriously the question of manufacturing locally; some British firms have already taken the lead, while others have the matter in hand. In some cases, he thinks, it might be advantageous to revise local selling arrangements with some plan of propaganda and greater publicity leading to a more direct contact with retailers and consumers, which would permit a more careful study of manufacturing or finishing locally if such proved to be advisable.

The principal changes recorded by Mr. Chalkley in the Argentine import trade during the first six months of 1925 were as follows :—

Textiles.—Increases of 3,830,000 kilos of cotton cloth, 24,500 kilos of silk cloth, 10,400 kilos of mixture, ribbons, 6,700 kilos silk handkerchiefs, 225,000 kilos artificial silk yarn, 806,000 kilos cotton yarn; decreases of 287,000 kilos woollen piece goods, 34,000 kilos knitting wool, 32,000 kilos of woollen plush, 2,200,000 kilos jute sacking and bags, and 870,000 kilos in sewing twine for bags.

Iron and Steel.—Increases of 18,230 tons in iron bars, sheets, plates and angles; 15,320 tons pipes and tubes, 9,170 tons fencing wire, 4,400 tons iron skylights, frames, etc., 1,840 tons machinery and parts, 1,357 tons fencing staples; decreases, steel rails 19,000 tons, iron beams 16,800 tons, galvanised iron 6,150 tons, iron sections and crossings 3,200 tons, steel hoops 2,650 tons. There was a decrease of 10,700 tons in tin plate and an increase of 1,400 tons in zinc, in ingots and bars.

Alimentary Substances show, during the same period, an all-round large increase of 50 per cent. in comparison with a similar period in 1924. To this the large imports of sugar (56,350 tons as compared with 3,080 tons) principally contributed. The only important decrease registered being that of coffee.

In regard to iron and steel the import market of Argentina has been monopolised by Germany and Belgium, very small imports in comparison being received from the United States. In recent years there has been a considerable increase in local production, particularly in the fabrication of structural steel work of all kinds, tanks, agricultural requirements, machinery, bolts, rivets, and in the rolling of small sections of iron and steel. The iron and steel market in Argentina has been subject to many fluctuations during the past year, principally on account of the overstocking induced by the low prices offered from the Continent from July to October 1924. The market was over-run by representatives and agents of French and German mills who were booking small orders at attractive rates, and at the same time the branch houses of the big continental combines were also placing heavy orders for stock. After the German loan was floated in the autumn of 1924, prices stiffened somewhat for import orders, the general average of increase being about 20 per cent. c.i.f. cost, but local prices sagged due to the large stocks and to the weakened demand consequent upon tightness of money in the interior. The improvement in the rate of exchange did not help the situation much, although the major commitments from the Continent were based on dollars, and so critical did the situation become for the large German houses carrying stocks of merchantable iron that they formed a combine in January 1925, raising prices 25 per cent. all round; but the effort failed owing to the concealed stocks held by small merchants who, attracted by the low prices and apparent big profits, had been induced to import directly. At the time of writing, Mr. Chalkley considers that business in iron and steel products remains stationary. Large stocks have to be worked out and there is little local buying. Money is tight and the building boom is easing off. From the interior few orders are being received, and the German houses, who last year were selling freely on long credit, are experiencing difficulty in securing collections, so that it is unlikely they will again embark upon such a comprehensive scheme of ousting all competition. Continental prices have again stiffened and importers are chary of placing big orders just now. The attention of British firms, Mr. Chalkley thinks, should be drawn to the fact that Continental and American houses are not competing recklessly against each other, but are forming agreements whereby prices are maintained and certain houses specialise in certain lines. Mr. Chalkley gives in this report a very full analysis of the business being done, and those who are interested will do well to peruse his remarks.

In the Argentine Republic, which did not suffer from the effects of the War, the trade revival probably set in two years ago, for it is difficult to believe that the country, with her population of less than 10,000,000, could have contributed more than she has been doing in exporting produce, or could have absorbed more imported manufactured goods in addition to the increased supplies from her own local industries. If British exports have not benefited to the extent hoped for, it is not due to the state of trade in the Argentine, or to diminished purchasing power, but to the prices of British goods and to the greater intensity of foreign competition. In spite of divergences of opinion on most other aspects of trade, every agent and importer admits that it is easy to sell British goods when their prices do not exceed those of foreign goods.

THE ECONOMIST'S BOOKSHELF

PALGRAVE'S DICTIONARY REVISED.

Palgrave's Dictionary of Political Economy. Edited by Henry Higgs, C.B. Vol. III., N to Z. (London: Macmillan & Co., Ltd., Price, 36s. net.)

It is over a quarter of a century (1899) since the original edition of the present volume was published, and not a few of the omissions which the Editor has found it necessary to rectify are eminently indicative of the change in orientation which has taken place in the interval. We refer in particular to the new attitude towards the worker as a member of the economic body politic. The nineteenth century was notoriously intent on the mere volume and development of industrial production; welfare was all but forgotten in the delirious exploitation of the new-found powers of creating wealth. True, the most flagrant abuses of the new industrial system began to be remedied as early as the forties; yet the vast squalid masses of urban ugliness and sickliness that were befouling the land hardly excited so much as a passing notice. On the contrary, in the very heyday of this complacent folly Swinburne was able to sing, "Glory to Man in the Highest, for Man is the Master of things."

Fortunately, however, man has at length found time to take stock of his omnipotence, and to discover some tiresome reminders of his fallibility. Thus Palgrave in 1899 had little to say in his encyclopaedia about unemployment; of articles under that heading he produced none. A question which at the end of the last century

thus hardly merited the notice of the political economist is now in the very forefront of his solicitude and receives the appropriate attention of Mr. Higgs. Cognate matters of social-economic importance, such as workmen's compensation and pensions for widows and orphans, have likewise found their way into this new edition. But there is one subject which still most regrettably lacks a paragraph to itself, and that is town planning. This is one of the most urgent economic problems of the day, and it is at least comforting to know that Kent is to be beautified by becoming a coalfield. The psychological and technical revolution by which such a consummation can be even contemplated is certainly worthy of something more than oblivion in a comprehensive guide-book to political economy.

There are other important matters, too, where Mr. Higgs disappoints us. About the vast new experiment in economics being enacted in Russia he says next to nothing. He has not added to the original article on Communism, and the Soviet system is left severely alone. The Soviet trading monopoly may be completely misguided and is certainly only in its infancy, but it is a subject which no student of economics can afford to neglect; the very confusion which surrounds the development of Soviet economic thought, especially with regard to the New Economic Policy, should have made the inclusion of the subject all the more imperative. State subsidies, again, are another matter upon which we miss an article. The particular subsidy which is exciting so much attention at present was, it is true, only introduced when the volume was going to press. But the idea is no new one and its economic incidence is of the first importance; it came up especially in connection with the development of German shipping before the war, and the proposed subsidy to agriculture was a decisive factor in the British General Election of 1923. But the strangest omission of all is Reparations, which has practically dominated world politics ever since the war. On what principle the Editor decided to exclude these three subjects we are at a loss to comprehend.

We feel the more justified in emphasising Editorial noddings because the difficult task of revision and amplification has in other respects been admirably accomplished. There is a lot more, for instance, on Population, Socialism, Small Holdings, Wages. New articles that may be mentioned are those on the Tariff Reform Movement, Syndicalism, the Public Trustee Act, and Inland Transport other than railways (canals, motors, tramways, the London Traffic problem). But the most notable additions are perhaps the biographies, in which Mr. Higgs has devoted particular attention to many less known American economists. Robert Owen now gets the recognition which he rather curiously failed to receive from Palgrave; and of course there are the large number of eminent economists who have died since the original edition, Ruskin, Herbert Spencer, Henry Sidgwick, William Smart, Schmoller, Pareto, Pantaleoni, Newcomb, Palgrave himself. In a word, the revised Dictionary will be found an invaluable guide to the serious study of political economy.

J. C. J.

PUBLICATIONS RECEIVED.

Alfred Marshall, 1842–1924.—The British Academy. (London: Humphrey Milford, Oxford University Press. Price, 1s. net.)

Bollettino di Notizie Economiche. January 31, 1926. (Rome: Via Cesare Battisti, 121. Price, L.100 per annum.)

Cambridge Legal Essays written in honour of and presented to Doctor Bond, Professor Buckland and Professor Kenny. By G. G. Alexander and others. (Cambridge: W. Heffer & Sons, Ltd. Price, 12s. 6d. net.)

Der Weltmarkt 1913 und Heute. By Dr. Hermann Levy, A. O. Professor an der Technischen Hochschule in Berlin. (Leipzig: B. G. Teubner. Price, Rmk.4.)

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Lithuania: a Review. By E. J. Harrison, formerly British Vice-Consul in Lithuania. (London: Eyre & Spottiswoode, Ltd. Price, 4s.)

Money. By R. A. Lehfeldt, D.Sc., Professor of Economics in the University of the Witwatersrand, Johannesberg.—The World's Manuals. (London: Oxford University Press, Humphrey Milford. Price, 2s. 6d. net.)

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Some Problems of Wages and their Regulation in Great Britain since 1918. By Alan G. B. Fisher, Ph.D. (London: P. S. King & Son, Ltd. Price, 12s. 6d. net.)

The Calcutta Review. February 1926. (Calcutta.—London: Kegan Paul, Trench, Trubner & Co., Ltd. Price, 16s. per annum.)

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The Vital Principle of Food, the Elusive Vitamin: What its Capture means to you. (London: Glaxo House.)

Third Imperial Press Conference: Souvenir of Visit of Delegates to South Australia. October 16–23, 1925. Issued under authority of the Premier, Hon. John Gunn, M.P. (Adelaide: Government Printer.)

ECONOMICA

Contents of the MARCH Issue.

Disarmament ... **Professor P. J. Noel Baker.**

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The price of "Economica" is 2s. 6d. a number or 7s. 6d. per annum, post free. Copies can be obtained on order from any Bookseller or from the

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STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

1. Pig iron. 2. Tin. 3. Coal. 4. Linseed Oil. 5. Cotton. 6. Wool. 7. Hides. 8. Wheat. 9. Bacon. 10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see THE ECONOMIC REVIEW, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	1923								
May 14	391.2	325.5	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
July 16	418.8	316.9	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
1921			Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
Jan. 14	244.2	245.9	May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Apr. 15	202.8	204.8	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
July 15	194.4	194.1	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	Feb. 5	149.7	
Dec. 30	150.0		Oct. 19	166.0	158.1	1925			,, 12	148.4	
1922			Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 19	147.9	
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	,, 26	148.0	
May 19	162.1	160.6	1924			Mar. 13	172.8	166.3	Mar. 5	146.4	
July 14	165.1	160.3	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5			
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	May 15	158.7	159.0			
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4	June 19	160.6	157.6			

CHART ILLUSTRATING TABLE I.

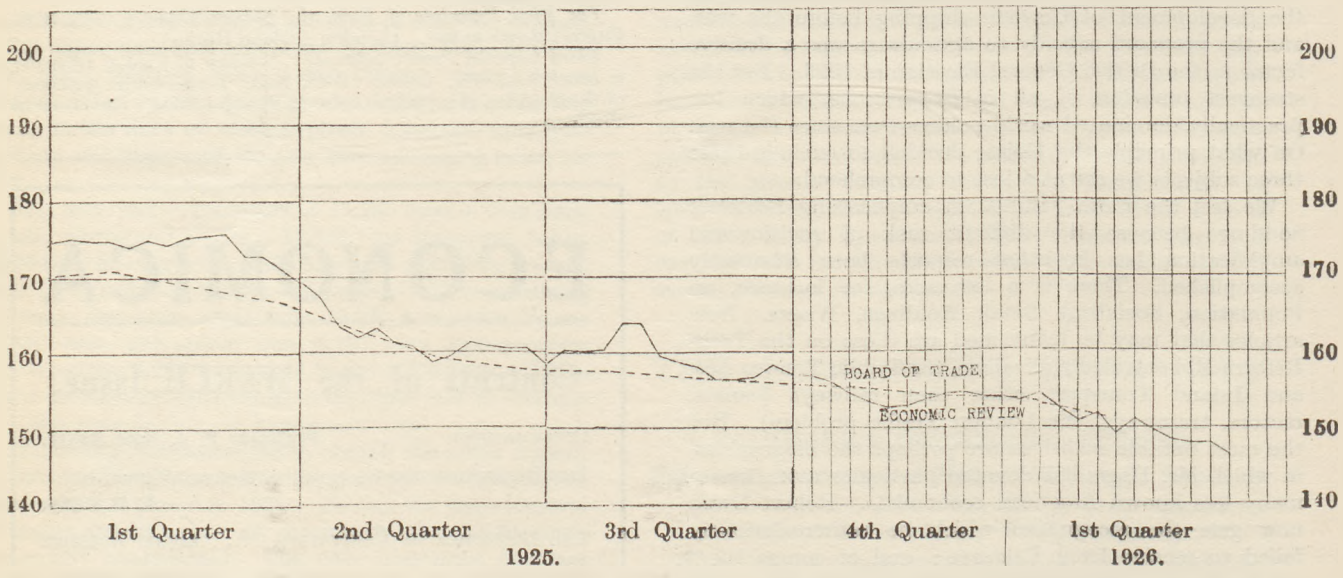


TABLE II.

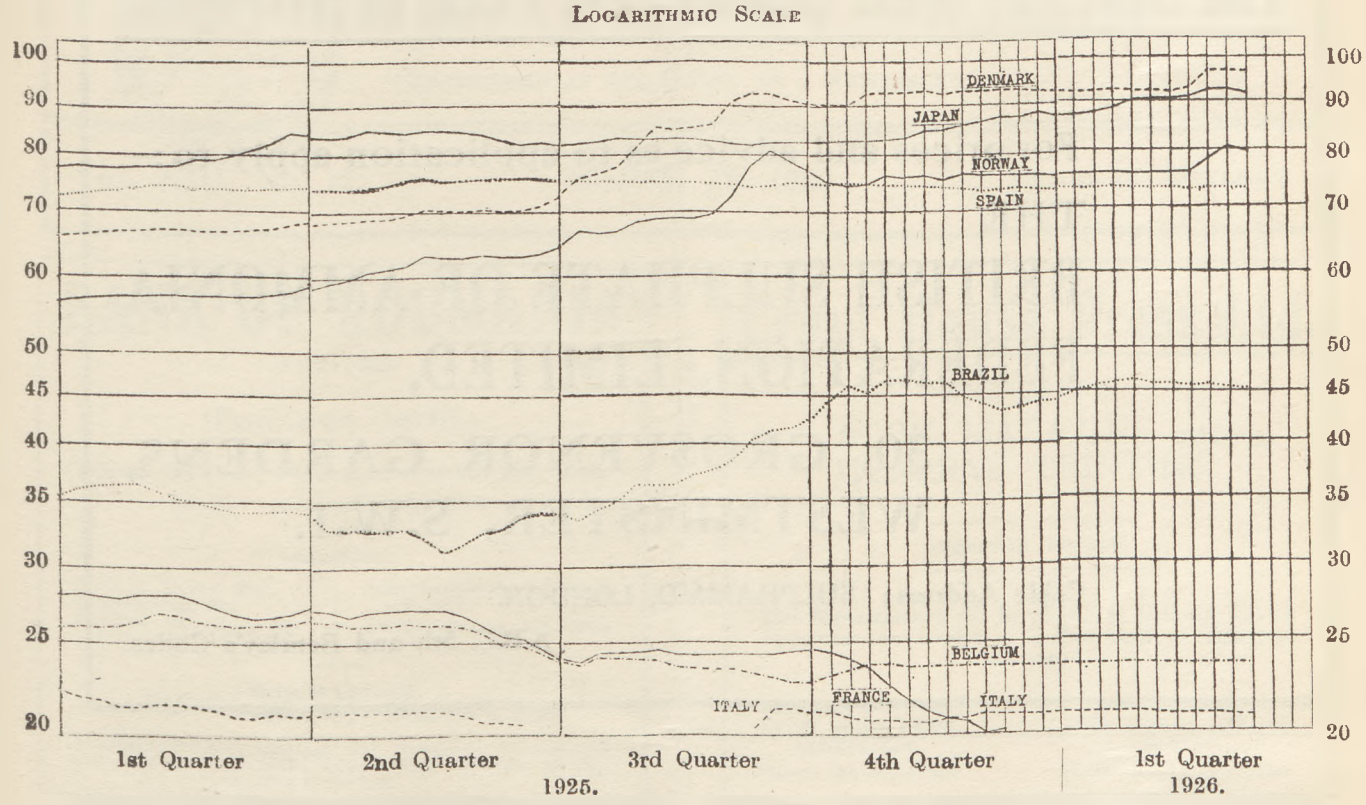
Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108 1	111.91	... Sept. 26
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
June 26 ...	77.8	147.9	63.2	147.4	114.7	115.6	84.1	121.7	98.2	85.9	105.65	... June 26
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926												1926
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
,, 26 ...	72.2	169.1	60.4	113.5	92.0	102.2	94.2	112 3	94.1	76.5	98.65	... ,, 26
Mar. 5 ...	72.2	170.0	59.7	110.5	86.9	102.2	94.2	112.3	94.1	74.1	97.62	... Mar. 5

*Revised Quotation.

THE PAPER CURRENCIES.

(Percentage of Dollar Parity to Week ending March 6, 1926.)

Week Ending	Denmark.	Japan.	Norway.	Spain.	Brazil.	Belgium.	Italy.	France.
Mar. 6 ...	96.8	91.6	79.6	73.1	45.3	23.5	20.8	19.1
Feb. 27 ...	97.0	92.9	80.5	73.1	45.5	23.5	20.8	18.9



SECURITY PRICES.

The following table and chart show the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

	In New York.		In London.			In New York.		In London.	
	Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.	Week ending.	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920,	Jan. 1	128.5	94.1	172.4	99.7	**1925,** Jan. 3	150.7	101.6	133.8	117.5
1921,	Jan. 1	89.9	89.0	116.3	88.6	,, 17	151.8	101.9	**137.8**	117.5
	Aug. 20	*80.3*	90.4	105.4	93.3	June 6	158.2	**105.3**	128.0	115.3
	Oct. 29	91.1	92.0	*91.7*	94.4	,, 27	160.0	104.7	123.7	*113.0*
1922,	Jan. 1	100.0	100.0	100.0	100.0	July 18	165.9	103.2	*120.4*	115.5
	May 13	114.6	102.4	114.9	**117.9**	Aug. 1	165.8	*101.5*	122.2	115.7
	Sept. 16	123.8	**107.6**	115.2	112.5	,, 22	176.2	102.5	126.3	**117.3**
	Oct. 7	123.9	106.1	113.3	*111.7*	Nov. 7	195.4	102.7	134.1	114.7
1923,	Jan. 1	121.7	102.5	119.5	113.3	Dec. 19	188.9	103.3	130.6	112.8
	Mar. 17	**129.2**	98.5	129.3	117.0	**1926,** Jan. 2	195.5	103.6	133.3	113.0
	,, 24	127.3	*97.8*	129.0	118.1	,, 9	196.1	101.6	135.1	113.1
	Apr. 28	124.1	99.3	**137.9**	122.8	Feb. 6	197.3	**104.7**	131.7	114.7
	June 9	119.7	100.8	130.6	**123.5**	,, 13	**199.9**	104.9	132.0	114.8
	Oct. 27	*105.7*	99.7	126.5	119.7	,, 20	198.4	105.9	129.8	114.6
1924,	Jan. 1	117.4	98.4	121.3	114.5	,, 27	190.4	105.6	129.1	114.3
	,, 19	119.1	100.1	119.1	*112.2*	Mar. 6	184.8	104.7	129.1	114.0
	June 21	115.3	103.3	*118.2*	118.0					
	Nov. 8	130.1	103.7	133.7	**120.4**					

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.

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Printed by the Crypt House Press, Ltd., Bell Lane, Gloucester, and Published by the Proprietors at 6, John Street, Adelphi, London, W.C.2.